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for direct investment

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FINANCIAL TIMES

Europe's Business Newspaper

TUESDAY MARCH 9 1993

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Reverse for Major over progress of Maastricht treaty

British prime minister John Major yesterday suffered a sharp reverse when he lost a parliamentary vote over the Maastricht treaty on European union. Although it involved only a minor amendment to legislation ratifying the treaty, the vote was a trial of strength between the prime minister and rebels in his Conservative party. The rebels joined forces with opposition parties to inflict a 314-292 defeat on Mr Major. Page 16

UK to renew top-level links with Palestinians

Britain will today resume top-level contacts with the Palestine Liberation Organisation for the first time since 1990, when links were broken because the PLO backed Iraq's invasion of Kuwait. Foreign Office minister Douglas Hogg is to meet Faisal Husseini, leading representative of the Palestinians in the occupied territories. Arafat, head of the PLO delegation in London, and a representative from PLO headquarters in Tunis. Page 16

Settlers fire on Arab A 20-year-old Palestinian was killed in the Gaza strip when Jewish settlers returning from a funeral fired on Arab workers. Earlier two Palestinians stabbed their Jewish settler employer to death. Page 4

Bosnian counter-attacks Bosnia's army commander ordered a counter-offensive against Bosnian Serbs in the east of the country. General Sefir Halilovic said he was acting "to prevent the massacre of innocent people" in besieged Moslem enclaves. Page 16; UN pressure, Page 2

Marc Rich, the Belgian-born international commodity trader, is retiring as head of Marc Rich & Co, the big trading company he founded in 1973. He will reduce his shareholding in the Swiss-based company from 50 per cent to 15 per cent over five years. Page 17

Banque Indosuez, subsidiary of troubled French holding company Suez, disclosed a sharp fall in annual net profits from FF7,000m (\$1,432m) in 1991 to FF1,011m last year. Indosuez was forced to raise net provisions from FF1,550m in 1991 to FF3,590m in 1992 mainly because of its losses on property loans. Page 17

Imperial Chemical Industries of the UK and US generics group Barr Laboratories have settled a drugs patent dispute, helping clear the way for Zeneca, an ICI subsidiary, to make its £1.5bn (\$1.5bn) rights issue in June. Page 17

Leyland Daf Finance, the main credit line for purchasers of Leyland Daf trucks and vans in the UK, is being investigated for possible fraud by Britain's Serious Fraud Office. At issue are finance contracts made out on vehicles bought before receivers were called in to the commercial vehicle-making operations. Page 6

Afghan peace Afghan guerrilla leader Gulbuddin Hekmatyar, whose troops killed at least 1,000 people and injured 6,000 in attacks on Kabul this year, was appointed prime minister following a peace accord signed at the weekend. But diplomats say the deal offers no guarantees of a lasting peace. Page 4

that Afghanistan can overcome the bloody rivalries which have long plagued it. Page 4

Recession's silver linings Intertum Justitia, Europe's biggest debt collection agency, improved annual taxable profits by 26 per cent to £16m (\$22.7m). "We get more debtors in recession, but they are less likely to pay back," said Gunilla Demmer, finance director of the Dutch-based, London-listed company. Page 6

No voice for Hong Kong Senior Chinese official Zhou Nan said he hoped China and Britain would soon reach agreement over Hong Kong, but he ruled out any voice for Hong Kong in talks. Page 6

British bishop quits A 61-year-old Anglican bishop resigned over allegations of indecency with a 17-year-old novice monk. The Church of England said Peter Ball, Bishop of Gloucester, quit after being cautioned by police. Page 6

Secking was fair An assistant vice-president of Chemical Bank, sacked for allegedly importing shirts from Hong Kong and selling some around the office, was fairly dismissed, a UK industrial tribunal ruled. Andrew Morgan, who worked at a Welsh office of the US bank, had claimed unfair dismissal. Page 6

STOCK MARKET INDICES		STERLING	
FTSE 100	2857.3 (+85.2)	New York lunchtime	1,442
Yield	4.87	London	1,442
FTSE 100	1188.04 (+5.34)	London	1,442
FTSE 100	1488.22 (+4.9)	London	1,442
Nikkei	17,884.77 (+88.77)	DM	1,442
New York lunchtime		FF	1,442
Dow Jones Ind Ave	3447 (+42.42)	FF	1,442
S&P Composite	452.34 (+6.23)	Y	1,442
US LUNCHTIME RATES		Y	1,442
Federal Funds	3.5%	Y	1,442
3-mo Treas Bill	3.83%	Y	1,442
Long Bond	7.85%	Y	1,442
Yield	8.89	Y	1,442
LONDON MONEY		Y	1,442
3-mo interbank	5.13%	Y	1,442
Life long off future	Mar 100.3	Y	1,442
NORTH SEA OIL (Argus)		Y	1,442
Brent 15-day (Apr)	\$18.14 (19.475)	Y	1,442
Gold		Y	1,442
New York Comex (Apr)	\$327.7 (\$30.4)	Y	1,442
London	\$327.15 (\$29.95)	Y	1,442

Bosnians launch offensive 'to prevent a massacre'

By Robert Mauthner, Diplomatic Editor, in London

BOSNIA'S army commander, General Sefir Halilovic, yesterday ordered his forces to launch a counter-offensive against Bosnian Serb troops in the east of the country, "to prevent the massacre of innocent people" in besieged Moslem enclaves. The lives of thousands of women, children, old, wounded and exhausted people were at risk in the region, following a 10-day assault by the Bosnian Serb army, Gen Halilovic told Sarajevo radio.

Moslem leaders fear the besieged Moslem enclaves of Srebrenica and Konjic Polje in the eastern Bosnian highlands are under imminent threat from Serb forces, following the occupation of nearby Cerska last week. Meanwhile EC foreign ministers in Brussels yesterday discussed a proposal by international mediator Lord Owen that the Bosnian peace plan be submitted to the United Nations Security Council for endorsement, even if the Bosnian Moslems subscribe to it but the Serbs do not. General Philippe Morillon, commander of the UN forces in Bosnia, said after talks with Serb leaders, in their administrative headquarters of Pale, near Sarajevo, that the Serbs had agreed to the evacuation of Moslems from the two enclaves this week. They would allow a UN High Commissioner for Refugees convoy to go to Konjic Polje today and trucks could probably return to Srebrenica on Thursday. But officials warned that such deals had often broken down in the past when it came to implementing them. A UNHCR official and a World Health Organisation doctor, who went to Srebrenica last weekend, said some 2,000 people were ill and around 30 were dying 30 each day. The announcement of the Moslem offensive marked the end of a unilateral ceasefire declared several weeks ago by government forces. At the same time, Gen Halilovic withdrew from talks in Sarajevo with General Ratko Mladic, the Serb military commander, and Gen Morillon on a truce in eastern Bosnia. President Alija Izetbegovic, the Moslem Bosnian president, defended the counter-offensive by stressing that "any measure to protect these people from slaughter is a legitimate measure". Gen Halilovic said that all available Moslem military units in the region had been ordered to take part in the attack against Vlasenica, which commands a vital road link for Serbs between their administrative headquarters at Pale and Serb-occupied territory in northern Bosnia. Though Serb army headquarters confirmed heavy fighting was taking place in several areas of eastern Bosnia, it claimed that Moslem units had been repulsed and had suffered heavy losses. Mr Halilovic "has no chance of success," General Mladic said. "He is sacrificing his own people for nothing."

Under a proposed peace settlement put forward by international mediators Cyrus Vance and Lord Owen, most of the area in which the fighting is taking place has been allocated to the Moslems. But the western nations have accused the Bosnian Serbs of wanting to consolidate their territorial gains by pushing the Moslems out of eastern Bosnia.

UN to see peace plan, Page 2
Picture, Page 16

Spain may hold up European trade treaty

By Lionel Barber in Brussels

SPAIN UPSET its 11 European Community partners yesterday by threatening to delay ratification of the European Economic Area, the treaty creating a free trade area of 370m people from the Arctic to the Mediterranean. Signalling growing frustration with the delay in ratification of the Maastricht treaty, Spain announced a "go-slow" on parliamentary approval of the EEA.

A plea for the UK government to re-establish a clear economic strategy is made today by Lord Howe, former chancellor and foreign secretary. He warns in an article in the Financial Times that a budget deficit threatens Britain with a return to the stop-go economic cycles of the 1980s and 1970s. Page 14

"July 1 was never a realistic deadline," said a Dutch diplomat. Spain's move cast a shadow over efforts to repair the damage to the EEA caused by Switzerland's rejection of the treaty in a December referendum. It could jeopardise a compromise under which the other six EFTA members will contribute between 60 and 70 per cent of Switzerland's expected contribution to the EC's poorest countries - Greece, Ireland, Spain and Portugal. The new protocol on these so-called "cohesion funds" was already weighted heavily in favour of the Community. Spain's threat to delay ratification of the EEA could complicate enlargement negotiations with Austria, Finland, Sweden and Norway, the four EFTA countries who have applied to join the EC, they hope by 1995, Brussels diplomats said. Finland, is thought to be

Continued on Page 16

SPD says voter disaffection points to a 'crisis of confidence'



German democracy under threat warns opposition leader

By Quentin Peel in Bonn

THE FUTURE of Germany's democratic system is threatened by voters' disaffection with the two main political parties, Mr Björn Engholm, the leader of the opposition Social Democrats, warned yesterday. A slide in the fortunes of both the SPD and Chancellor Helmut Kohl's rival Christian Democrats in local elections in the state of Hesse at the weekend indicated a "deep crisis of confidence" in the parties which have dominated Germany's postwar political system, Mr Engholm said. The poll saw the lowest turnout in Hesse since 1948, with a vote of 71.3 per cent, and a drain of support from the main political parties to the left and right. The extreme rightwing Republicans picked up 8.4 per cent of the vote, and the leftwing environmentalist Greens took 11 per cent. Mr Kohl, however, dismissed the vote for the Republicans and two other neo-Nazi splinter groups as a temporary phenomenon. He blamed the protest voting on the "extremely difficult situation" in the German economy and on political divisions in the wake of unification. The chancellor called for all political parties to speed up the decision-making process in Bonn, and urged the SPD to agree this week on a comprehensive solidarity pact to finance the cost of German unification.

Mr Kohl's CDU polled 32 per cent in the Hesse elections, down 2.3 percentage points on its result in the last local elections in 1988, and 8 points down on the Hesse state election result in 1991. However, the biggest loser was the SPD, which is the majority party in the Hesse government, in coalition with the Greens. The party saw its support fall from 44.8 per cent to 36.4 per cent compared with 1988, with particularly bad results in big urban areas such as Frankfurt and Kassel. The swing to the Republicans was smaller than many commentators had feared. The party won almost 11 per cent in last year's state election in neighbouring Baden-Württemberg, campaigning against immigration. However, Mr Engholm warned at growing insecurity in the German population, with rising unemployment and threats of further public spending cuts. He said there was a clear shift to the right, with the Republicans picking up support among "the weakest levels in our society". "It is not the first time we have seen this," he said. "There is a great danger of people who are suffering in our society turning to those who promise them the most." He insisted that he remained determined to negotiate a solidarity pact for east Germany with Mr Kohl. The two sides will meet on Thursday and Friday.

Foreign worker curbs, Page 2

Compaq price cuts may lead to PC industry 'bloodbath'

By Alan Cane in London

COMPAQ COMPUTER yesterday cut the prices of its personal computers and printers in the US by up to 20 per cent, sparking fears of a price war which could leave smaller PC suppliers mortally wounded or out of business. Compaq is now considering whether to make corresponding cuts in Europe. If it does, the effect on Europe's leading suppliers including Viglen of the UK, Vobis of Germany and IPC of France could be dramatic. "This year is going to see one of the biggest bloodbaths in the history of the industry," Mr Ronald Skates, chief executive of US-based Data General, said yesterday. PC prices have been falling by about 40 per cent a year on average for the past two years. US analysts expect a further fall of about 25 per cent this year. The prospect of a price war is good news for customers. US buyers now expect to be able to buy a PC with Intel's fastest chip, 4m bytes of fast memory and a 120m byte hard disc for less than \$1,000. Only five years ago, a less advanced system would have cost

in excess of \$5,000. The principal beneficiaries of this latest round of price-cutting are likely to be the aristocrats of the industry, Compaq and International Business Machines. Both have introduced new ranges aimed specifically at the low end of the market where gross profit margins are thin to the point of invisibility. According to one UK-based manufacturer, the average gross profit margin on a low-end computer is now between 15 per cent and 20 per cent, compared to 40 per cent in earlier years. When Compaq launched its low-cost range in June last year, it provoked a spasm of price cutting among "clone" makers - companies that build PCs to IBM's standard design from off-the-shelf components - that left a number among them, Everex, Tandon and Zeos in financial difficulties. Given the choice between a "no-name" clone computer and a similar specification from a well-known manufacturer for only a few dollars more, buyers are opting for the branded product. Mr Jeremy Davies of Context, a

UK market research firm, said a new round of cuts looked grim for companies selling on price alone rather than technological excellence or richly specified products. "Now their main weapon is beginning to disappear," he said. Dell of the US, the company which pioneered "direct" sales of quality but low-cost PCs through phone, fax and mail order selling, believes prices have fallen far enough. It says prices are now at an acceptable level and that customers are more concerned about the overall value of the package, expecting more fully featured products for the same price. Price wars have also spread to Japan where NEC has long been the dominant supplier with more than 50 per cent of the market enabling it to set and maintain high prices. The launch by Compaq of its inexpensive Prolinea range has forced a change of direction. Now NEC's cheapest machine costs about \$1,600 compared with the \$2,785 charged for its notebook PC last year.

IBM's search for a boss, Page 17

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2nd Test: 5th May - £239 (RRP)	2nd Test: 5th May - £239 (RRP)
3rd Test: 19th May - £239 (RRP)	3rd Test: 19th May - £239 (RRP)
4th Test: 26th May - £239 (RRP)	4th Test: 26th May - £239 (RRP)
5th Test: 3rd June - £239 (RRP)	5th Test: 3rd June - £239 (RRP)
6th Test: 10th June - £239 (RRP)	6th Test: 10th June - £239 (RRP)
7th Test: 17th June - £239 (RRP)	7th Test: 17th June - £239 (RRP)
8th Test: 24th June - £239 (RRP)	8th Test: 24th June - £239 (RRP)
9th Test: 1st July - £239 (RRP)	9th Test: 1st July - £239 (RRP)
10th Test: 8th July - £239 (RRP)	10th Test: 8th July - £239 (RRP)
11th Test: 15th July - £239 (RRP)	11th Test: 15th July - £239 (RRP)
12th Test: 22nd July - £239 (RRP)	12th Test: 22nd July - £239 (RRP)
13th Test: 29th July - £239 (RRP)	13th Test: 29th July - £239 (RRP)
14th Test: 5th August - £239 (RRP)	14th Test: 5th August - £239 (RRP)
15th Test: 12th August - £239 (RRP)	15th Test: 12th August - £239 (RRP)
16th Test: 19th August - £239 (RRP)	16th Test: 19th August - £239 (RRP)
17th Test: 26th August - £239 (RRP)	17th Test: 26th August - £239 (RRP)
18th Test: 3rd September - £239 (RRP)	18th Test: 3rd September - £239 (RRP)
19th Test: 10th September - £239 (RRP)	19th Test: 10th September - £239 (RRP)
20th Test: 17th September - £239 (RRP)	20th Test: 17th September - £239 (RRP)
21st Test: 24th September - £239 (RRP)	21st Test: 24th September - £239 (RRP)
22nd Test: 1st October - £239 (RRP)	22nd Test: 1st October - £239 (RRP)
23rd Test: 8th October - £239 (RRP)	23rd Test: 8th October - £239 (RRP)
24th Test: 15th October - £239 (RRP)	24th Test: 15th October - £239 (RRP)
25th Test: 22nd October - £239 (RRP)	25th Test: 22nd October - £239 (RRP)
26th Test: 29th October - £239 (RRP)	26th Test: 29th October - £239 (RRP)
27th Test: 5th November - £239 (RRP)	27th Test: 5th November - £239 (RRP)
28th Test: 12th November - £239 (RRP)	28th Test: 12th November - £239 (RRP)
29th Test: 19th November - £239 (RRP)	29th Test: 19th November - £239 (RRP)
30th Test: 26th November - £239 (RRP)	30th Test: 26th November - £239 (RRP)
31st Test: 3rd December - £239 (RRP)	31st Test: 3rd December - £239 (RRP)
32nd Test: 10th December - £239 (RRP)	32nd Test: 10th December - £239 (RRP)
33rd Test: 17th December - £239 (RRP)	33rd Test: 17th December - £239 (RRP)
34th Test: 24th December - £239 (RRP)	34th Test: 24th December - £239 (RRP)
35th Test: 31st December - £239 (RRP)	35th Test: 31st December - £239 (RRP)

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US investigators seek answers in Rome to 'Iraqgate' affair

Fed reopens inquiry into BNL loans

By Alan Friedman
in New York

THE US Federal Reserve has reopened a formal investigation into the scandal over \$5bn (£3.5bn) of illegal Iraqi loans made by the Atlanta, Georgia, branch of Italy's Banca Nazionale del Lavoro (BNL), according to US officials involved in the case and to a senior executive of BNL.

The US central bank, concerned about repeated allegations that Rome officials were involved in the Atlanta loans that helped build President Saddam Hussein's war machine, issued a formal subpoena to BNL in December.

That subpoena demanded a series of documents relevant to the bank's dealings with Iraq. A team of investigators from the Fed has been in the Italian capital during the past few weeks, questioning BNL officials.

The new investigation was described by one US government official as an attempt "to finally get to the bottom of the story and find out the degree to which Rome may have been involved in the Iraqi loans".

The Fed's renewed interest in the BNL case was spurred in part by revelations last autumn that the US Central Intelligence Agency (CIA) had withheld confidential reports that alleged involvement by BNL in Rome in the Atlanta loans to Iraq.

The bank has denied any involvement in the Atlanta loans. Disclosure of the CIA reports came during a court hearing in Atlanta in which the US Justice Department during the Bush administration argued that the \$5bn of Iraqi loans had

been organised by Mr Christopher Drogoul, the former BNL Atlanta manager.

Mr Drogoul argued instead that executives in Rome knew about and approved the clandestine loans. His trial has been postponed until next autumn.

The reopened Federal Reserve investigation was also triggered by the fact that last December BNL sacked a small number of mid-level executives who worked on the Iraqi loans matter in Rome.

Mr Gianmario Sartoretti, one of the BNL executives to have lost his job, is said by US officials to be considering filing unfair dismissal charges against the bank. It is understood that he believes he is being made a scapegoat by BNL for the Atlanta affair.

The Fed investigation and Mr Sartoretti's endeavours could lead to fresh revelations in the affair, which has been dubbed "Iraqgate" by the US media.

In Rome, a new Italian Senate commission investigating the BNL loans scandal is expected to begin its deliberations today.

Mr Giampiero Cantoni, chairman of BNL, may be among those to testify in the next few days.

Mr Davide Croff, a senior BNL executive, last night confirmed that the Fed had reopened its investigation and said that the bank had received the subpoena and was co-operating with officials from the US.

The sackings, said Mr Croff, were based on a series of what he described as "administrative irregularities" related to the Atlanta loans. However, he said the bank was not accusing the dismissed bankers of involvement in the Iraqi loans.

Architect of austerity ahead in Bolivian poll

But Sánchez will not be counting on victory, writes Chris Philipsborn



PRESIDENTIAL campaigning is hotting up ahead of a June election in Bolivia, as the four-year term of President Jaime Paz Zamora draws to its close. Surprisingly, since popular support for economic reform is supposed to be eroding, opinion polls show one of the main architects of economic austerity in the 1980s significantly ahead of his four main rivals.

Mr Gonzalo Sánchez de Lozada, the candidate of the National Revolutionary Movement (MNR), was a key minister in the government of President Victor Paz Estenssoro which in 1985 embarked on one of Latin America's first and most radical economic stabilisation programmes.

This brought inflation down from 23,000 per cent in 1985 to 11 per cent last year, one of the lowest rates in Latin America. It also helped to restore economic growth, to 2-4 per cent a year between 1987 and 1992.

This expansion has not, however, lessened extreme poverty, a United Nations report says. Bolivia has the highest proportion of rural poor in the world while income distribution appears to have become even more unequal during the 1980s.

Exports are falling and the trade deficit widening. Foreign debt, which dropped by \$1.1bn between 1987 and 1991, is again rising, by more than \$300m in 1992 to \$3.7bn (£2.6bn).

Mr Paz Zamora's ruling coalition, an unlikely alliance between the political left and right, is widely criticised for failing to capitalise on the legacy of the previous administration's economic changes. According to successive US State Department reports, the government has been plagued by widespread corruption and weakness in policy implementation.

The present government has botched its infant privatisation programme and been forced to suspend joint venture deals designed to attract foreign investment to state mining corporation Comibol.

Mr Sánchez says: "The biggest sin of this government has been lost time. In 1989, the majority of Bolivians supported a market economy. Today, most are against it."

While this might be expected to hinder him, the MNR leader appears to have improved his chances with the appointment of a well-respected indigenous leader, Mr Victor Hugo Cardenas, as vice-president.

This is in part a response to the growing challenge of newly-formed populist opposition parties, led by ambitious individuals excluded from the ruling class because of their origins or skin colour. Local elections and opinion polls show they have struck a chord with the electorate.

Two candidates, Mr Antonio Araníbar, leader of the opposi-

tion centre-left MBL party, and Mr Carlos Palenque of the more populist Condepa, say they seek to include indigenous voices in national politics.

Another populist is Mr Max Fernandez of the UCS party, a beer magnate. His campaign has already brought insinuations about the source of finance for his extensive campaign and links, strongly denied, to the drugs trade.

But Mr Sánchez's chief rival could be General Hugo Bánzer Suárez of the National Democratic Action (ADN), military dictator from 1971 to 1978. He has alarmed the business community by choosing a former Communist party leader as a running mate.

Even though, according to most opinion polls, he seems to be ahead, Mr Sánchez is unlikely to be counting on victory. Opinion polls in this predominantly rural country are unreliable and Bolivia's singular electoral system usually means the choice of president



President Jaime Paz Zamora: criticised for not capitalising on legacy of economic reform

is made in August by the lower house of Congress.

This has advantages in that Bolivia's presidents generally are able to govern with a majority in the lower house. But it also means that the most popular candidate in the election often does not end up as president, unless he wins more than half of the votes. Mr Sánchez knows this to his cost: he polled most votes in the 1989 election but lost because Gen Bánzer threw his party's weight behind Mr Paz Zamora.

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Hearings on attorney general nominee Reno begin today

By Jurek Martin in Washington

THE SENATE judiciary committee today begins hearings on the nomination of Ms Janet Reno, a state prosecutor from Miami, to be the next attorney general of the US.

Ms Reno, 54, was chosen by President Bill Clinton after Ms Zoe Baird withdrew her nomination following revelations she had hired illegal immigrants as household help. Later, Judge Kimba Wood also took herself out of consideration for related "nannygate" reasons.

No serious opposition to Ms Reno has yet surfaced, although some right-wing lobbies, including the National Rifle Association, have circulated rumours, denied by the White House and several prominent senators, that she had been stopped by the police on suspicion of driving under the influence of alcohol. The NRA is exercised because she is known to be a staunch advocate of tougher gun controls.

Another conservative group, the Free Con-

gress Foundation, yesterday issued an indictment of Ms Reno's qualifications, pointing to her lack of federal law enforcement experience and objecting to her record as a social activist who commands the support of leading US feminist organisations.

Ms Reno can also expect to be questioned on her position on the death penalty. She said when nominated that she was personally opposed to capital punishment but had sought it as a state prosecutor in certain cases according to the dictates of Florida law.

Assuming her confirmation as the first ever woman attorney general, the stage will then finally be set for the appointments of a new upper echelon to the justice department, still under the acting management of Mr Stuart Gerson, a Bush administration official.

Of particular importance will be the nominations of a deputy to Ms Reno and of a solicitor general, who argues government cases before the Supreme Court.

Theoretical economist appointed to Clinton council of advisers

By Michael Prowse in Washington

MR JOSEPH STIGLITZ, one of the most respected theoretical economists in the US, is to become the third member of President Bill Clinton's Council of Economic Advisers.

A professor at Stanford University, Mr Stiglitz, who is 50, has held chairs at Yale, Oxford and Princeton universities and is an acknowledged master of the highly abstract mathematical theories that have dominated academic economics since the second world war.

On the council he is expected to concentrate on microeconomic issues, such as the regulation of industry and financial markets. His experience will neatly complement that of his colleagues. Ms Laura Tyson, the chairwoman, has specialised in trade policy and the economics of high-tech industries. Mr Alan Blinder, from Princeton University, is a noted macroeconomist, who will concentrate on topics such as monetary policy and economic forecasting.

Mr Stiglitz's appointment is a hat trick for the Massachusetts Institute of Technology. All three panel members earned doctorates in its economics department, headed for many years by two of America's leading Keynesian economists, Nobel laureates Paul Samuelson and Robert Solow. The hallmark of much MIT research is a sophisticated scepticism about the efficiency of free markets; much of Mr Stiglitz's work, for example, has focused on markets' imperfections and limitations.

While leaning to the political left, Mr Clinton's panel has an impressive range of expertise and skills. Ms Tyson, while not of Mr Stiglitz's calibre as a theoretical economist, is proving an adroit advocate of Mr Clinton's policies on Capitol Hill and on TV talk shows. The council, however, will have to compete for influence with the new National Economic Council, headed by Mr Robert Rubin, a former co-chairman of investment bank Goldman Sachs.

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NEWS: INTERNATIONAL

Kim steps up fight against corruption

By John Burton in Seoul

MR KIM YOUNG-SAM, the South Korean president, yesterday replaced three of his newly-appointed ministers for alleged corrupt practices, while he reshuffled the top military echelon as part of his political reform programme.

The appointments were the latest in a series of actions Mr Kim, a former opposition leader, has taken in his first 10 days in office to fight corruption and remove the last vestiges of the country's authoritarian past.

Mr Kim, who had promised to install a clean government, ousted three of his ministers and the new mayor of Seoul, a presidential appointee, for alleged unethical activities, such as illegal land transactions, after they were exposed by the media.

The cabinet members who were appointed yesterday included Mr Kim Doo-hee, the prosecutor general, as justice minister. Ms Song Jeong-sook, a newspaper editorial writer, as minister of health and social affairs, and Mr Koh Byung-woo, chairman of the Korea Stock Exchange, as construction minister.

A presidential spokesman claimed that conservative opponents of Mr Kim had leaked details of the alleged wrongdoing by the ousted cabinet ministers in an attempt to embarrass the new administration and stop the president's reform programme.

Mr Kim has angered officials linked to the former military dictatorship and the previous administration of President Roh Tae-woo by appointing political reformers to the cabinet and senior positions within the ruling Democratic Liberal party (DLP), while purging hardliners from the military and the national security agency.

Yesterday's shake-up of the military included the replacement of Gen Kim Jin-young as the army chief of staff and Lt Gen Suh Wan-soo as the head of the defence security command, the top military intelligence agency.

The two army generals were said to be closely affiliated

South Korea's new president has moved quickly to remove the last vestiges of the country's authoritarian past

with Mr Chun Doo-hwan, who staged a military coup in 1979 and ruled as president until 1987.

The new president last week ordered the dismissal of 300 officials from the national security planning agency in a bid to curb the power of the agency, which played a prominent role in suppressing domestic dissent during the military dictatorship.

Mr Kim has surprised Koreans by the aggressiveness he has shown in imposing his authority on the government and appointing his own followers to key positions despite his weak position within the DLP, which he only joined in 1990 after three decades in opposition.

The new president has won wide public support for his reform programme, enjoying an approval rating of 70 per cent.

His popularity has been boosted by such symbolic acts as removing security barriers around the presidential Blue House and National Assembly.

Afghans wrangle as peace is signed

AFGHANISTAN'S rival mujahideen leaders flew to Saudi Arabia yesterday to offer prayers at Mecca after signing a peace accord in Pakistan over the weekend.

But western diplomats said the agreement provides no guarantees that Afghanistan can finally overcome the bloody rivalries which have plagued it during 14 years of civil war.

Mr Gulbuddin Hekmatyar, the guerrilla leader whose troops have killed at least 1,000 people and injured another 6,000 in rocket attacks on Kabul this year, was appointed prime minister.

Western diplomats were concerned about the precedent set for other guerrilla leaders by the appointment of Mr Hekmatyar.

"If you fight and kill, you win, is the basic message here. I fear the day when others will try to follow that," said one.

President Burhanuddin Rabbani remains head of state

until the middle of 1994 under the agreement.

But the two men were wrangling until the last minute over the assignment of ministerial positions. Mr Hekmatyar insisted on the

Hekmatyar said within minutes of the signing: "It is my prerogative as prime minister to choose the defence minister."

The two-week delay was an attempt to buy time in the

powerful Uzbek whose troops control large parts of northern Afghanistan, is excluded from the agreement, providing another reason for concern.

"He will only become more of a threat to Kabul if he is joined

Farhan Bokhari reports on the prospects for a lasting accord as faction leaders fly to Mecca to offer prayers

exclusion of the defence minister, Mr Ahmad Shah Masood, from the cabinet on the grounds that both the president and the defence minister should not come from the same party, because this would tilt the balance in favour of one group.

Mr Rabbani forcefully resisted.

Under the accord, the cabinet is to be decided within two weeks in consultations between the president and prime minister, and all parties will be represented on a defence council. But Mr

hope of an agreement being reached later, one senior official said. "It was also a face-saving solution for Pakistan which would have been embarrassed if the talks had collapsed."

The accord includes a provision to set up a military commission to take over heavy arms from different groups and create a national army. The Afghan leaders agreed to seek help from the Saudi Arabia-based Organisation of Islamic Conference in monitoring the ceasefire.

General Rashid Dostum, the

by Masood in the event that Hekmatyar succeeds in removing him," said one senior diplomat.

Residents of Kabul yesterday welcomed the truce, although three people were killed and 25 injured as government troops exchanged rocket and artillery fire with the minority

Hezb-i-Wahdat party, which had ratified the agreement.

There are no plans yet to resume United Nations aid operations after the withdrawal of UN international staff in January when three workers and an

international consultant were killed by gunmen near the eastern city of Jalalabad.

A UN appeal for \$138m (£97m) in humanitarian assistance, launched early this year, has so far only received commitments of \$5m-\$6m. Mr Soterios Mousouris, the UN secretary-general's personal representative on Afghanistan, said in an interview yesterday.

"We have not received encouraging pledges from too many governments yet. That is something that has worried me for some time now."

Mr Nawaz Sharif, Pakistan's prime minister, described the weekend agreement as an important breakthrough and said:

"We pray that, as a result of this agreement, there will now be harmony, peace and understanding."

But Pakistani officials said it was now up to the Afghans to honour the agreement. One said: "You can take a horse to the water tank but can you make it drink?"

Traders in China bid for lion's share of profit

By Tony Walker in Beijing

IT'S A bit like selling the family silver, but Mr Dai of Beijing's Friendship Store is quite unrepentant about the decision to sell off the huge pair of bronze lions that adorn the entrance to this landmark on the city's main boulevard.

"Everything in our store, whether decorations or retail items, is for sale," he said. "We regard these lions as goods for sale."

These once-prized creatures, who have observed impressively millions of tourists and local Chinese passing through the store's portals, now carry a price tag - the tag dangles from a rusty chain around the neck of one - of ¥800,000 (\$139,000) for the pair.

Mr Dai, deputy manager of the store, says negotiations are under way with a wealthy overseas Chinese for the sale of the lions whose display would attract to the worldly success of their owner.

Weighing eight tons, the lions are a copy of originals that guarded the entrance to Beijing's Summer Palace, and are thus known as the "Number Two Pair Under Heaven".

The lion's sale is merely one of many changes that have overtaken the Friendship Store - the *youyi shangdian* - as it struggles to compete with dazzling new emporiums sprouting all over Beijing in China's new age of affluence.

Recently, the management tore down the iron railing near the store's entrance which had stood for many years as a barrier to locals who came to gawk at the trickle of foreign tourists in the bleak 1970s.

A store manager was quoted as saying of the railing's removal: "It's a market economy now; we don't want to look like a big feudal government office."

Competition obliged the store last September to allow locals to shop there in local currency. Previously it was the preserve of foreigners or privileged Chinese who had access either to foreign money or to special foreign exchange certificates.

Angola awaits word from Savimbi

ANGOLA awaits fresh peace proposals from Mr Jonas Savimbi, the rebel Unita leader, following his movement's capture of Huambo, the country's second largest city, Reuter reports from Luanda.

Unita radio said yesterday that Mr Savimbi would broadcast to the nation today to outline his ideas on future peace negotiations with the government and the supply of humanitarian aid for victims of the conflict.

The government conceded on Sunday night that it had lost Huambo, in the central highlands.

It is a key city for Unita and capital of the Ovimbundu tribe which provides the backbone of its support.

Palestinian killed after Israeli dies

A Palestinian was shot dead in the occupied Gaza Strip yesterday hours after a Jewish settler was stabbed to death, a hospital official said, Reuter reports from Erez Checkpoint, Gaza Strip.

Palestinian witnesses said settlers returning from the funeral of slain settler Uri Magidish shot dead the 20-year-old Palestinian who was at a gas station inside the strip near the Erez checkpoint.

The army confirmed that a Palestinian had been shot near the checkpoint, which separates the Gaza Strip from Israel, and that he had been evacuated to hospital.

Somali clashes leave 23 dead

As many as 23 people have been killed and 26 injured in fierce clan clashes in the southern Somali port of Kismayo, the international charity Médecins sans Frontières said yesterday, Reuter reports from Mogadishu.

The killings are reported to have taken place on Sunday in fighting between supporters of warlord Mohammed Said Hersi, known as Morgan, and his rival Ahmed Omar Jess.

NTT shares soar on hopes of increase in call rates

By Michio Nakamoto in Tokyo

NIPPON Telegraph and Telephone (NTT) saw its share price surge by more than 10 per cent yesterday on comments made by a Posts and Telecommunications official suggesting that the telecommunications group may be allowed to increase rates charged for calls from public telephones.

Mr Futoshi Shirai, director general of the telecommunications bureau of the Ministry of Posts and Telecommunications, said yesterday that it would be easier for the ministry to accept an increase in public call-box charges as these could be considered separately from other telephone rates.

The comments added to a recent surge of interest in NTT shares which has lifted the issue's price by 23.5 per cent in

The Bank of Japan quarterly survey of business confidence did not slow a surge in the Tokyo stock market which rose by about 5 per cent to leave the Nikkei average at 17,686 at the close. Charles Leadbeater writes.

The arrest of Mr Shin Kanemaru, formerly the ruling Liberal Democratic party's chief power broker, on charges of tax evasion, also lifted the market, which had been depressed for the past week partly because of rumours of another political scandal.

the past eight trading days. The issue has been actively pursued after NTT announced plans to propose call charge increases to the Posts and Telecommunications Ministry. Yesterday NTT closed ¥75,000 higher at ¥780,000 (\$4,600).

Mr Shirai indicated that the

ministry would consider favourably NTT's planned application for the increase in call-box rates for two specific reasons. First, unlike the situation in most other countries, public call-box rates in Japan are the same as those charged for calls made from the home.

Secondly, NTT has been covering the loss it makes on public telephone calls with sales of telephone cards but this is expected to fall in the future as the market for telephone cards becomes saturated.

The increase is likely to take the form of a shorter call time for each ¥10 coin used.

Although the extent of the favourable impact of a likely rise in public calls cannot be calculated yet, any increase would have a substantial positive effect on NTT's financial situation which is expected to deteriorate with more competition from new carriers.

Kanemaru still held over taxes

By Charles Leadbeater

MR SHIN KANEMARU, until last autumn the most powerful man in Japanese politics, is to be detained in the Tokyo detention centre for 10 days for questioning over alleged tax evasion involving ¥1.2bn (\$7m) bank bonds.

The ruling Liberal Democratic party's leadership was yesterday struggling to distance itself from the affair which threatens to embroil the government in another damaging scandal.

Mr Kichiji Miyazawa, the prime minister, and senior LDP officials have argued that the tax evasion charges are a personal rather than a political issue. The arrest has nevertheless led them to promise to pursue plans for the reform of political funding and the electoral system.

Opposition parties plan to

exploit the affair to embarrass the government, which is only just recovering from the debilitating Tokyo Sagawa Kyubin scandal.

They will allege that Mr Kanemaru's tax evasion was closely linked to his political activities, in particular the financial backing he helped to organise for Mr Noboru Takeishi, former prime minister.

Mr Kanemaru, who resigned from the Japanese parliament last October after admitting receiving a ¥500m illegal donation from Tokyo Sagawa Kyubin, and Mr Masahisa Hatahara, his private secretary, are thought to hold about ¥1.8bn of discount bonds issued by the Nippon Credit Bank.

The tax authorities believe Mr Kanemaru and Mr Hatahara bought some of the bonds between 1987 and 1989 using about ¥1.2bn of undeclared income.

Four die in third Natal massacre

By Patti Waldmeir in Johannesburg

GUNMEN in South Africa's Natal province yesterday killed four supporters of the African National Congress. It was the third massacre in less than a week in an area where the ANC and rival Inkatha Freedom party are fighting for political power ahead of multi-racial elections.

Fears of political violence in the run-up to elections, expected to take place some time next year, were heightened yesterday when Mr Justice Richard Goldstone, chairman of a government commission into public violence, said the commission would investigate ways of curbing pre-election unrest.

He said a panel of local experts, helped by international expertise, would investigate issues such as the policing of polling stations, with some politicians concerned that the South African police could not monitor polling in an unbiased fashion. The role of international observers would also be investigated.

Violence has worsened in recent days as popular expectations have focused on negotia-

tions held last weekend to plan for elections. A local ANC official claimed that yesterday's attack, which targeted a group of ANC supporters travelling to a court hearing, was part of "a planned strategy to destroy the ANC in the [Natal] midlands in the run-up to elections".

The attack follows the killing last week of six school children in Natal, and the massacre of 10 more people last Friday. The murders have sparked fears of a cycle of revenge attacks in the area, and have heightened criticism of politicians for failing to make more rapid progress toward a constitutional settlement.

It has also raised serious concerns over whether a free and fair election can be held in the key Natal province, the regional base of Chief Mangosuthu Buthelezi of Inkatha, where territory is bitterly disputed with the ANC.

Yesterday Mr Hernus Kriel, law and order minister, condemned the attack and blamed local politicians for failing to control their supporters. "Talk is not enough. Politicians must now take practical and visible steps... peace will not come by itself."

Forced labour still widespread

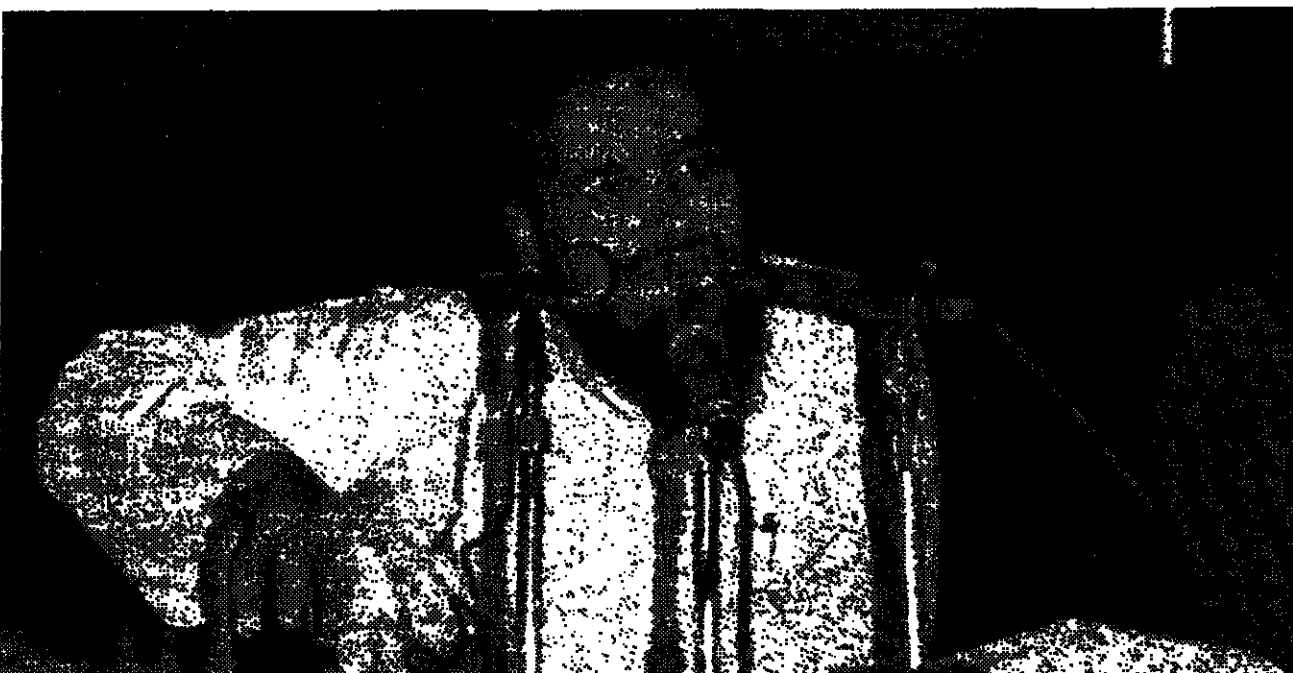
By Frances Williams in Geneva

MILLIONS of workers in third world countries are subject to forced labour and governments are not doing enough to stamp it out and punish offenders, the International Labour Organisation said yesterday.

The ILO's annual World Labour Report highlights cases of traditional slavery in Africa, debt bondage in Asia, forms of "white slavery" in Latin America and sale of children to sweatshops and brothels.

Traditional slavery persists in Mauritania and in Sudan, where it appears to be on the increase because of the nine-year civil war, the report says. Unofficial militia groups in Sudan, allegedly aided by the government, have raided villages of the Dinka tribe, looting property and taking slaves. Sudanese peasants are also selling their children, mostly boys aged 7-12 who fetch about \$70 (£48), the ILO says.

The report says 20m workers, including 7.5m children, may be bonded labourers in Pakistan, in the brick-kiln industry, fish-cleaning, shoe-making, agriculture and quarrying.



Safwat Abdel-Ghani, accused of plotting the murder of the Egyptian Parliament speaker in February 1991, addresses a Cairo courtroom, where he was allowed to explain the Muslim extremist view of Islam as a holy war to save the religion, at the weekend

Cairo militants deny NY bomb link

By Mark Nicholson in Cairo

ISLAMIC militants in Egypt yesterday distanced themselves and the man they consider their spiritual leader - Sheikh Omar Abdul-Rahman, a New Jersey-based preacher - from the bombing of the World Trade Centre in New York, saying attempts to link them were a slur against the sheikh and Islam.

In a statement to news organisations in Cairo the Gama's al-Islamiyya, or Islamic Groups, said it did "not target the innocent" and that Sheikh Abdul-Rahman had "no connection" with the February 26 attack.

The message added the warning that "any defamation touching on Sheikh Omar Abdul-Rahman will not pass peacefully".

Mr Mohammed Salameh, the 26-year-old Jordanian national accused of being an accomplice in the bombing, was said to have prayed at a New Jersey mosque at which Sheikh Abdul-Rahman preached. But yesterday in New York Mr Salameh's lawyer also repudiated links between his client and the Egyptian cleric.

The underground Gama's al-Islamiyya has led recent attacks against foreign visitors to Egypt, though the group claims to be attacking "tourism not tourists".

Three visitors and one Egyptian have been killed in the attacks.

The same group has warned foreigners to leave Egypt and warned that it might attack foreign investments in the country. A Cairo military court will today open the trial of 49 alleged members of the Gama's al-Islamiyya accused of leading

the attacks.

Maj Gen Mohammed Abdallah, military prosecutor general, said charges would include intention to kill, possession of arms and explosives and economic sabotage.

Six of the named defendants, who are among hundreds and perhaps thousands rounded up by Egypt's security forces since the attacks began last year, are being charged in absentia. Those found guilty face the death penalty.

Separately, Mr Amr Moussa, Egypt's foreign minister, said that Sheikh Abdul-Rahman would face charges for incitement to violence and terrorism should he be deported to Egypt from the US. Deportation proceedings against the sheikh by New Jersey immigration authorities have been deferred.

US warned over drug budget cuts

By Paul Abrahams

THE US administration's targeting of the drugs industry could seriously endanger

of medicines to the cost of disease and the value of modern medicines. Instead, we are often portrayed as selfish, profit-maximising and cashing in on the plight of people who are sick and need solidarity," Mr Cuerni told a Financial Times conference.

The industry would have to tackle its image problem to defend its future, said Professor Ernst-Günter Afting, head of the pharmaceutical division at Hoechst AG. Europe's pharmaceutical industry needed annual sales growth of around 10 per cent if it was to justify present spending on research and development of £6.5bn (£6.54bn) a year.

The industry's defensive responses to reform proposals had added to its unpopularity, Mr Franz Humer, executive

director at Glaxo, claimed. Yet in the US, 46 per cent of total healthcare spending was on hospital care and about 8 per cent on drugs. In 1989 the sec-

vice-president, research and development at Marion Merrell Dow, the US group, said the cost of research and development was rising with some new drugs requiring larger and larger trials - some as large as 40,000 patients.

Proving medicines' effectiveness in illnesses such as Alzheimer's disease was difficult and costly, he added. There was also a danger that companies would be forced to generate data on not only a medicine's safety and efficacy, but also cost and benefit.

The industry must engage in political marketing, demonstrating that its marketing strategies are beyond reproach, said Mr Cuerni. "Freebies to attractive beach or exotic golf resorts should be a thing of the past," he said.

The industry suffers from a lack of trust and credibility that was partly self-inflicted

tor spent £11.9bn worldwide on discovering and developing drugs. Only three out of every 10 marketed products generated revenues in excess of their research costs.

Dr Frank Douglas, executive

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French adamant on Uruguay Round accord

Commission warns over oilseeds deal

By David Gardner in Brussels

FRANCE told its Community partners again yesterday that it could not accept any world trade reform package containing the oilseeds agreement reached last November with the US. But it was warned by the European Commission that it was playing into the hands of the Americans, who would welcome the chance to win a better deal for US farmers.

The exchange came as Mr Jacques Delors, Commission president, suggested informally to EC foreign ministers that a Uruguay Round accord should incorporate "social parameters" offering an agreed minimum of rights to workers. The implication was that Europe was being unfairly undercut by sweatshop labour in Asia.

Sir Leon Brittan, trade commissioner, reporting earlier to the foreign ministers on talks in Washington with Mr Mickey Kantor, US trade representative, said he believed the US wanted to finish the Round this year, and did not want new subjects on the agenda.

Mr Roland Dumas, French foreign minister, told his colleagues that France had been "totally consistent". The Commission still had to prove that the Uruguay Round farm chapter, and the oilseeds deal, were compatible with last year's reform of the Common Agricultural Policy.

The Uruguay Round "final act" - the foundation of attempts to conclude more than six years of world trade reform talks - was a reasonable basis for negotiations, Mr

Dumas conceded, "except on agriculture".

Mr Rene Steichen, EC agriculture commissioner, insisted last November's agreement was "in line with the CAP", and that "it remains the basis for an agreement... fresh negotiations on agriculture would only please the US".

The French government threatened to veto the oilseeds agreement if it were put to a vote yesterday. Both the Commission and the current Danish presidency of the EC decided not to bring matters to a head, even though Mr Steichen fears an advantageous deal for the EC could unravel if not quickly confirmed. According to Mr Steichen, a vote is now likely when foreign ministers meet in Luxembourg on April 5.

US trade office sees difficult 1993

By Nancy Dunne in Washington

A 20 PER CENT rise in the US merchandise trade deficit last year is likely to be followed by a "potentially difficult" 1993, thanks to the sluggish or negative growth of America's trading partners and increasing US imports, according to the Office of the US Trade Representative, now headed by Mr Mickey Kantor.

The US will meet the difficulty with a policy of market-opening measures "backed by rigorous enforcement of US laws", says the office's annual report on US trade priorities. The report follows trade policy addresses by President Bill Clinton and Mr Kantor, his top trade negotiator, who promised a more "activist, less passive" trade policy.

Superficially there appear to be few changes. Completion of the Uruguay Round remains the top US priority, but the administration will stress in-

creased market access through lower tariffs and non-tariff barriers in manufactured and agricultural goods and services.

The report mentions the need for market access for telecommunications and audio visual services, areas which put the US and EC on a collision course. The administration insists it will act "firmly to protect our interests should implementation of the European single market... discriminate against US firms or create barriers to US exports".

In the coming year the administration plans to boost the importance of the "new" issues in trade policy - competition policy and technology policy. "Issues related to the interaction of trade and environment will be given urgent attention," and lobbyists expect some environmental provision will be demanded within the Round.

The administration remains concerned about the excess supply of steel in the world



Clinton: activist policy

and supports efforts to negotiate a Multilateral Steel Agreement and the establishment of "an effective mechanism" to resolve disputes. "Without the ability to subsidise domestic producers and with the elimination of both tariff and non-tariff barriers, steel trade would be conducted in a more efficient manner."

The trade representative is still consulting Congress about the extension of the fast-track negotiating authority in order to complete the Uruguay Round, the report says.

NEWS IN BRIEF

Chirac resolute on EC trade interests

FRANCE'S centre-right opposition, expected to form a government in four weeks, is proving even more critical of the Gatt negotiations and the US role in them than the ruling Socialists, whose leader, President Francois Mitterrand, meets US President Bill Clinton today, David Buchanan writes from Paris. At a party congress on Sunday, Mr Jacques Chirac, the RPR Gaullist leader, said "the time has come to defend [European] Community preference" in trade, both agricultural and industrial. The US has threatened to shut EC companies out of US federal contract bidding if the EC does not this month scrap a price preference in its new public procurement law.

HK contract for Babcock

Babcock Energy, part of the UK's Babcock International Group, has won an £80m contract to supply the heat-recovery steam generators for the new 2,400MW combined cycle gas turbine plant to be built at Black Point in Hong Kong. Andrew Baxter writes. Babcock was awarded the contract by GEC Alsthom, which leads a consortium that is building the plant for Hong Kong's Castle Peak Power. Black Point will be one of the world's largest CCGT power stations.

Scandinavians back Polish plant

Two Scandinavian power generating utilities have decided to commit up to \$25m (£17.6m) each to the modernisation of a heat and power station at Leg in Cracow in southern Poland, Christopher Bobinski writes from Warsaw.

The Leg development, a pilot scheme for the privatisation of Poland's district heating sector, is also being backed by the World Bank, which is ready to assign a \$100m loan to the project. The investment commitment from Imatran Voima of Finland and Vattenfall from Sweden comes amid a continuing Solidarity-led protest at the plant.

Iveco signs South Korean deal

Iveco, the industrial vehicles subsidiary of Italy's Fiat automotive group, has signed a licensing agreement with South Korea's Halla Engineering and Heavy Industry company to produce off-road trucks for the local market. Haig Simonian writes from Milan. No value for the deal, which envisages production of 250 heavy-duty Iveco trucks in South Korea this year, has been given. But by 1997 local production is expected to reach 1,000 units annually.

Aircraft must be modified

The Swiss government has told the maker of trainer aircraft ordered by the South African government to modify them so that they cannot be used for military purposes, Ian Rodger writes from Zurich.

The manufacturer, the Pilatus subsidiary of the Oerlikon-Bührle armaments and engineering group, said it would do whatever it could to find a solution to the problem.

Sanctions against Taiwan sought

Taiwan trade officials arriving in Washington yesterday were met with calls by a coalition of US business for trade sanctions, for Taipei's alleged failure to protect US patents, copyrights and trademarks, Nancy Dunne writes from Washington.

Taiwan signed an agreement last June with the US trade representative's office promising to provide improved levels of intellectual property rights protection. The meetings yesterday and today are part of the US commitment to monitor the enforcement of the agreement.

Canada's air rivals slug it out on ground

A ruling is imminent on a crucial issue in the battle for supremacy, writes Bernard Simon in Toronto

A VICTOR is about to emerge from what could prove to be the decisive battle in a three-year struggle between Canada's two main airlines, Air Canada and Canadian Airlines International. But the battlefield is far removed from normal measures of success or failure, such as operating costs or airport slots.

The fight centres on the computer networks used by travel agents to book seats and hotel rooms, and by the airlines themselves to manage their inventory of seats.

The quasi-judicial Competition Tribunal in Ottawa concluded hearings last week on an application by Canadian to break its management contract with the Gemini Group, a computerised reservation system owned by Canadian, Air Canada and Cavia, a United Airlines subsidiary.

Canadian's survival depends on moving its business from Gemini to the rival Sabre system, which is owned by AMR of Dallas, parent company of American Airlines.

AMR wants to use Canadian as a guinea pig and a showpiece for build-

ing up its business of providing management services to airlines, other transport carriers and hotels. The fight over Gemini in Canada could thus be a taste of things to come in other parts of the world as AMR and other large airline management companies seek out new business.

The Dallas-based company has agreed to inject C\$246m (£137m) of new equity into Canadian as part of a financial restructuring. But a condition of the entire deal is that Canadian transfers management of its internal reservations system (known as a "hosting" contract) to Sabre. AMR would provide not only a computerised reservations system but also a wide range of accounting, catering, planning, flight analysis, and airport office functions. It considers the sale of these services potentially more lucrative than the 33 per cent equity stake it will acquire in Canadian.

Canadian, whose parent company, PWA Corp, has recorded losses of C\$720m in the past three years, says that it is doomed to bankruptcy without the AMR investment.

The Americans have given the airline until the end of the year to withdraw from Gemini and to fulfil two other conditions - the financial restructuring and the necessary regulatory approvals. In the meantime,

The fight centres on computerised booking networks

Canadian will be kept alive by federal and provincial government loan guarantees and equity contributions from its employees.

The application to withdraw from Gemini is supported by the Bureau for Competition Policy, Ottawa's anti-trust watchdog, wanting to avoid one airline ending up with a 90 per cent share of domestic scheduled traffic.

But Canadian's move is vigorously opposed by Gemini and the other two shareholders, which have accused the airline of trying to push it into bankruptcy.

The thrust of Air Canada and Cavia's argument is that while an alliance between Canadian Airlines and Sabre might keep competition alive in the skies, it would create a near-monopoly on the ground. They contend that Sabre would have a stranglehold on the computerised reservations market in Canada. While it has a market share of only 30 per cent, compared with Gemini's 65 per cent, loss of the Canadian Airlines hosting contract would cut Gemini's revenues by a fifth. According to a Gemini briefing document, the move would also result in a "drastic reduction" in its share of the computerised reservations market, especially in Canadian Airlines' stronghold in western Canada.

However, these arguments are contested, not only by Canadian but by some of Gemini's biggest customers. Mr Bill McGuire, president of the Alliance of Canadian Travel Agents, said that improvements made to Gemini in 1991 had given it much the same capability as Sabre. Most travel agents would be reluctant to spend time and money learning a new system.

Gemini's future has also been cemented by its connections with Galileo International, the reservations system in which both United Airlines and Air Canada are shareholders, and which is Sabre's main rival in other parts of the world.

The Competition Tribunal is widely expected to give the green light to Canadian, perhaps with some conditions, thus prolonging the struggle between Air Canada and Canadian for supremacy in the skies.

Mr Jack Lawless, a Canadian spokesman, says the carrier most likely to survive in the longer term is the one "who can bleed the longest". Air Canada is in a stronger financial position than Canadian, but the latter's costs are 15 per cent lower and Mr Lawless says the services to be provided by AMR will bring them down "significantly".

In the long run, Air Canada's opposition to Canadian's withdrawal from Gemini may have less to do with survival of a computerised reservations system than with the future shape of the Canadian airline industry.

I'M TOLD THAT NEARLY HALF OF ALL CORPORATE RELOCATIONS IN THE USA NOW MOVE TO THE SOUTH EASTERN SUNBELT STATES. TEN YEARS AGO WE MADE THAT DECISION AND SET UP IN ALABAMA, AT THE HEART OF THE SOUTH AND WE'VE FOUND THAT IT BEST REPRESENTS ALL THE MANY BUSINESS AND LIVING ADVANTAGES THAT THE REGION OFFERS

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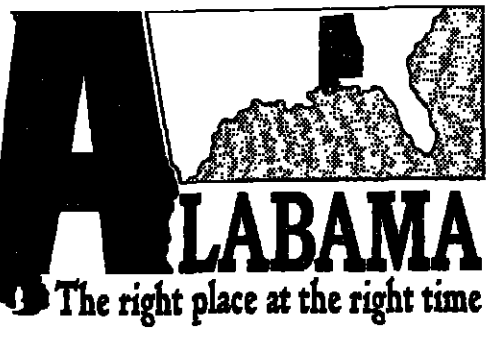


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NEWS: UK

Lending rise boosts hopes of UK recovery

By Peter Norman,
Economics Editor

NEWS of increased lending to British consumers boosted hopes for economic recovery yesterday and helped lift the UK equity market to a new high.

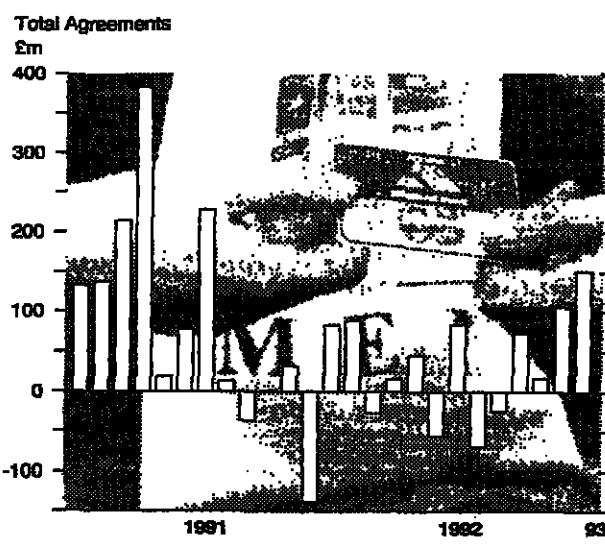
Official seasonally-adjusted figures showed that consumer borrowing through hire purchase agreements, bank credit cards and from specialist credit companies amounted to a net £151m in January, three times the £50m expected in the City. The monthly net lending, which excludes write-offs for bad debt and is regarded by the government as the best guide to borrowing trends for consumer purchases, was the highest since July 1991.

The news, coming after reports of growing business confidence, subdued wage pressures and last week's cut in German interest rates, added to optimism about a nascent UK economic upturn and paved the way for strong gains on financial markets.

A buoyant start to the US bond market on Wall Street and heavy buying of the March stock index futures contract in London saw the FT-SE 100 index rise sharply in afternoon trading to close at a new high of 3,973.3 points, up 35.2.

UK government securities also closed firm, while sterling maintained most of Friday's gains. The pound closed in London at DM2.4025, down somewhat on Friday's DM2.41, but above the psychologically

Net lending to consumers*



important DM2.40 level. January's increase in net consumer credit was the biggest since July 1991. It reflected strong lending by finance houses to car buyers and a recovery of borrowing on bank credit cards after five months of decline. The Central Statistical Office also revised up its total of net consumer credit granted in December to £105m from £56m. Official figures for the three months to January reinforced the impression of a steady revival in consumer credit demand. Net lending to consumers of £273m in the period compared with a net debt

repayment of £22m in the three months to October last year. The latest figures showed that consumers were again using credit cards to make purchases. Net lending through bank credit cards totalled £40m in January after five months in which borrowings had been repaid.

Neither the government nor the City, however, was willing yesterday to hail the figures as conclusive evidence that the recession is over.

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Bonds, Page 21
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Currencies, Page 34

Bank wins dismissal case over shirt sales

By Diane Summers,
Labour Staff

AN ASSISTANT vice-president of Chemical Bank, sacked for allegedly importing 2,000 shirts from Hong Kong and selling some of them around the office, was fairly dismissed, an industrial tribunal has ruled.

Mr Andrew Morgan, who was the US bank's chief UK accountant until he was sacked in June 1992, had claimed unfair dismissal. He told the tribunal the import and sale of the shirts was a one-off transaction and that many other employees were also conducting businesses with management's tacit approval.

Chemical Bank's code of ethics lays down that written permission is needed before any employee can get involved in an outside business. The code forms part of every employee's contract of employment and Mr Morgan had failed to get permission, the tribunal heard.

According to the written conclusions of the tribunal, Mr Morgan's activities first came to light during an investigation by the bank's management into travel and expenses claims. A file was discovered in the desk of Mr Lawrence Watts, a colleague of Mr Morgan's, which contained import certificates, shipping instructions and invoices for what appeared to be an importing business called Morgan and Watts.

Mr Watts resigned after a disciplinary hearing but Mr Morgan initially denied being involved in any serious business efforts.

A total of 2,000 garments had been imported but very few had been sold.

The tribunal heard that Mr Morgan was offered the chance to resign after having been found in breach of the company's code of ethics. When he refused to resign, he was dismissed for gross misconduct.

The tribunal concluded that it was immaterial whether the import and sale of the shirts had been a one-off transaction.

BBC chief's tax plan 'saved just £810'

By Raymond Snoddy

MR JOHN BIRT, the BBC director-general, claims today that he saved only £810 in tax in 1991 by being paid his BBC salary through his private company, John Birt Productions.

Details of his tax affairs, disclosed in a letter to The Times, follow an independent investigation of the affairs of John Birt Productions by Ernst &

Young, the accountancy firm. The letter from Mr Birt and supporting statements from the BBC follow comments by Mr John Watts, chairman of the Commons Treasury committee, that the Inland Revenue should have "a very close look" at Mr Birt's tax position.

In his first full statement on the affair Mr Birt said the benefits were "a close involvement in determining the nature of the work I should do and the flexibility and mobility of having my own company pension scheme". He said the tax advantages were modest.

In its assessment of the accounts of John Birt Productions in the year to August 1991 Ernst & Young said that the total turnover of £163,141 not only included the reimbursement of specific expenses incurred on BBC business but also contributions to his company pension fund.

Ernst & Young said that in 1991, the last year for which figures are available, Mr Birt would have been liable for income tax and national insurance contributions of £45,551 if he had been a BBC employee.

In the event he and his wife Jane paid £41,616 - a total saving of £3,935. After deducting the company's accountancy and administration costs "the net benefit for the Birt household was £810".

Government plans greater devolution without conceding an assembly

Lang to unveil Scottish reforms

By James Buxton,
Scottish Correspondent

MEASURES to improve the way Scotland is governed - without conceding the creation of a Scottish assembly or parliament - are to be unveiled this afternoon by Mr Ian Lang, Scottish secretary.

They include proposals to increase the scope of the Scottish grand committee, which includes all 72 Scottish MPs and is augmented by non-Scottish Tories to reflect the government's parliamentary majority, and to devolve more administrative powers from London to the Scottish Office.

The grand committee is likely to handle at least some sessions of Scottish questions to the Scottish Office ministers and to debate non-contentious Scottish legislation. The Scottish Office could take responsibility for training from the Department of Employment.

Accompanying the package should be an announcement that some civil servants dealing with the regulation of North Sea oil development in the Department of Trade and Industry will move to Aberdeen.

The package, contained in a consultation paper, is certain to be attacked by Labour, the Liberal Democrats and the Scottish National party. Even people associated with the government concede that it may not win it many friends.

One observer said yesterday: "If it isn't a nine-day wonder, it could irritate people and throw petrol on a dying ember." Yet the widespread view in Scotland is that the government



Ian Lang, Scottish secretary, will launch proposals to devolve more power from London

will probably get away with it. The package is the fulfilment of a statement by Mr John Major last February that while ruling out any change to the union of Scotland and England, he would "take stock" after the election.

It was a sensible precaution because at that stage it seemed likely that even if the Tories won the election they would lose many of their nine seats in Scotland.

In the event the Tories took two seats in the election and raised their 24 per cent share of the Scottish vote by nearly two points.

The government is going

ahead with the move partly because Mr Lang has made conciliation and consultation the hallmarks of his administration since the election, and partly because he believes he can outflank the opposition. After the election a cross-party organisation called Scotland United was formed to keep up the fight for constitutional change, but its demonstrations soon fizzled out.

However, 25,000 people marched in Edinburgh during December's European summit in support of "democracy for Scotland".

Mr David Hunt, Welsh secretary, yesterday rejected vig-

orous calls for an elected Welsh assembly made at a meeting in Cardiff of the Welsh grand committee of MPs, the first time it has met outside Westminster.

The demands for an assembly, led by Mr Neil Kinnock, former Labour leader, dominated the committee's debate on the structure of government in Wales.

When Mr Kinnock, MP for Islwyn in south Wales, intervened to ask the Welsh secretary to show "some give" over the issue, Mr Hunt said it would be "the wrong direction for Wales - a step backwards to out-of-date beliefs".

Inquiry urged into Hoover offer

MR Nigel Griffiths, Labour's consumer affairs spokesman, yesterday called for a department of trade and industry inquiry into Hoover's "free flights" offers, which he said were the subject of "tens of thousands of complaints from customers", writes Gary Mead.

In 1992, Hoover ran two "free flights" sales promotions. Customers spending £100 or more on a Hoover product could apply for flight vouchers to

European or US destinations. Condemning the promotion as a "fiasco," Mr Griffiths said the inquiry should be able to "recommend compensation for any unreasonable conditions or behaviour by Hoover's agents."

Hoover yesterday accused the Daily Express of "distortion and misrepresentation of facts" in a story which featured several instances of dissatisfied customers.

But the company refused to

say how many people had applied for free flights in either of its two promotions, nor would it disclose the number of people who may have travelled so far. The offers have closed, but the last possible date for a flight is April 1994. Flights were "subject to availability".

"Hoover is shrouding far too much of this in secrecy. There is considerable concern that they should come clean," said Mr Griffiths.

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NEWS: UK

Police criticise charity's delay over fraud

By Jimmy Burns

SENIOR police officers investigating an alleged £5.5m fraud at the Salvation Army believe they could have made more arrests had the police been informed much earlier about the case.

Although it has emerged that Salvation Army officials may have suspected fraud as long ago as last August, they did not contact the police then. It emerged yesterday that in July last year, the company fraud squad of the City and Metropolitan Police, had made one arrest last July in connection with the alleged fraud that cost the Salvation Army £5.5m.

In July the police seized documents which linked the Islamic Panamerican Bank with an international network of fraudsters dealing in forged letters of credit and forged bank guarantees.

Following the arrest and the obtaining of the documents, police contacted the FBI and regulatory authorities in the US. This led to Islamic Panamerican Bank being identified as a fictitious bank and a second individual Mr Gamil Naguib, as one of those mainly responsible for it.

Both the Islamic Panamerican Bank and Mr Naguib were named in a writ issued by the Salvation Army last month to recover its funds. It was only following this, that police were officially asked to investigate the alleged fraud.

Referring to Mr Naguib and other individuals linked to the Islamic Panamerican Bank one

senior investigator said yesterday: "If the Salvation Army had told us then I think we would have caught them with their pants down."

The importance which British police are attaching to the international dimension of the Salvation Army fraud will be underlined later this week when senior detectives will ask the Crown Prosecution Service for clearance to travel overseas in pursuit of fresh information. It is understood that British police want to interview officials in Luxembourg, and Belgium in connection with the transfer between at least two bank accounts last year of an estimated \$10m of Salvation Army funds.

The sum was initially deposited in an account of ASLK-CGER Bank in Antwerp, Belgium. The bulk of these funds are believed to have subsequently been transferred to Banque Continentale du Luxembourg without the knowledge of most of the charity's senior officers.

Police now believe that bulk of the funds have been the subject of theft and may never be recoverable unless further legal action is taken.

The latest development on the Salvation Army case comes amid renewed indications that the Serious Fraud Office is showing an interest in getting involved in the investigation.

Under the Criminal Justice Act, the SFO may take over from the fraud squad cases involving sums of more than £5m. The Salvation Army had no comment yesterday.

Lobby group warns that reduced output could cost Britain £200m

US defence cuts raise Trident fears

By David White, Defence Correspondent

THE MINISTRY of Defence will come under pressure this week to clarify its arrangements for obtaining Trident strategic missiles from the US, following a report that US defence cuts could raise the cost of the programme to Britain by more than £200m.

The report by the British American Security Information Council (Basic), an independent lobby group, said reduced production plans by the US navy would increase unit cost per missile by \$13m to \$49m.

Britain has already ordered

and paid for a large part of the missiles it requires - thought to be about 70 - to equip four submarines. They will be drawn from a shared pool and returned to the US for servicing. Basic estimated the extra cost of missiles remaining to be paid for by the UK was \$221m-£312m.

The Ministry of Defence, however, rejected this figure as "completely unrealistic". It did not yet have conclusive information about the impact of the US changes on Britain's costs, but said the increase would not be significant "and could be nothing". Mr David Clark, Labour Party defence spokes-

man, said he was "alarmed" by the Basic report.

The all-party Commons Defence Committee is due to question officials about the Trident nuclear deterrent programme tomorrow.

Last year it estimated the cost of the actual Trident missiles - not counting their warheads, which will be British-made - at £988m out of a total programme of £10.5bn. The Basic report said the US was reckoned up to now to have covered at least 20 per cent of the UK's share of Trident missile production costs. But it considered it unlikely that the US Congress would favour

boosting the size of this "subsidy" by not asking the UK to pay the increased cost.

Concern over the Trident costs coincides with expectations that the US is likely to pull out of a four-nation project to develop a "terminal guidance" cluster weapon for multiple rocket launchers. Germany is also likely to quit, putting pressure on Britain which, after putting £100m into development, may withdraw rather than go 50-50 with France.

The British army considers the system a battle-winner, but the Treasury regards it as overlapping with planned air-launched weapons.



Beechcraft, the US aircraft manufacturer, hopes to lease more of its starship turbo-props in the UK under a scheme with Air Hanson

Starship enterprise lands in UK

THE Beechcraft Starship, a high technology corporate turbo propeller aircraft made of composite materials, could become a familiar sight in European skies, writes Paul Betts.

Air Hanson, the corporate aircraft subsidiary of the UK Hanson conglomerate, has just launched a campaign to lease the US built rear engine turbo-prop in the UK.

Mr Mike Lacey, manager of Beechcraft sales at Air Hanson, yesterday said he was in discussion with two or three UK corporations interested in the all composite aircraft.

Developed in the early 1980s to combine the economies of a turbo-prop with the interior space of a medium sized business jet, the aircraft has had a chequered marketing history.

"The myths of the Starship are that it is slow, noisy, can't carry very much and doesn't go very far," said Mr Lacey. With a range of 1500 miles and a speed of around 320 knots, Mr Lacey believes the 6 passenger Starship is a "misunderstood" aircraft with interesting prospects in the recession-hit business aviation market.

Britain in brief



More public bodies face competition

A further £1bn of government activities could be opened up to competition from the private sector, under an initiative from Mr William Waldegrave, public services minister.

Sir Peter Levene, head of the prime minister's efficiency unit, has begun talks over the new tranche of market-testing which is set to affect not just government departments but other public bodies too.

The new round will include quangos - public bodies which are separate from Whitehall. "This goes right the way through government," said one official. Executive agencies, which operate at arms length from departments, and the departments themselves, are already within the scope of market-testing.

Boost for UK film industry

There are growing signs of life in the British film production industry, largely because of the weakness of the pound against the dollar.

Mr Sydney Samuelson, the British Film Commission, just back from meeting with senior executives of all the leading studios in Los Angeles, found evidence of renewed interest. "There was 10 times the level of interest this time compared with a year ago," said Mr Samuelson, who heads the National Film Commission.

Banks hit at audit proposals

British banks attacked as costly and disruptive a government plan to require auditors of financial institutions to report to regulators anything of "material significance".

The Treasury's proposed legislation follows recommendations in last year's Bingham report on the supervision of the collapsed Bank of Credit and Commerce International. But bankers said the rules were too wide-ranging and would jeopardise the relationship between them, their auditors and the regulators.

Syndicate posts £100m loss

One of the most highly rated syndicates at the Lloyd's of London insurance market yesterday reported that its 1990 loss would exceed £100m - about twice the estimate reported by syndicate managers less than five months ago. The extent of the problems of syndicate 745 will increase competition among Names - the individuals whose capital supports underwriting - that Lloyd's overall deficit for 1990 could reach the 1989 total of £2bn.

when global figures are reported in June.

KPH Underwriting Agencies, which manages the syndicate, expects losses to amount to between £108m and £139m. This compares with the syndicate's stamp capacity - capital base - of £43.1m. Last October KPH said losses would be between £36m and £80m. The syndicate's 1,750 Names could lose up to £30,000 for each £10,000 share in the syndicate.

EC red tape

The government task force engaged in a battle to repeal red tape is to survey 500 small businesses on their views about European Community regulations. British companies often complain that EC rules are made even more complex when civil servants translate them into UK legislation, Mr Neil Hamilton, corporate affairs minister said.

Black and Asian jobless

Nearly a quarter of a million of Britain's unemployed are black or Asian, according to figures released yesterday by the CMB, the general union. It said blacks and Asians are more than twice as likely to be unemployed as white people - one in four of black workers have no job and just under one in every five Asians.

Based on figures from the April 1991 Census, updated to take into account the rise in unemployment since over the past 23 months, the survey said the worst area for Asian unemployment is the London borough of Tower Hamlets, with as many as 45 per cent jobless.

Legal aid suit

The Law Society, the solicitors' governing body, is to sue Lord Mackay, lord chancellor, over his plans to introduce standard fees for criminal legal aid work in the magistrates' courts.

This is the second time that the profession has taken a lord chancellor to court over legal aid. In 1986 the Bar and the Law Society sought a judicial review of a refusal by Lord Hailsham, then lord chancellor, to award legal aid lawyers a "fair and reasonable" pay rise. The case was settled out of court.

The decision to seek a judicial review of Lord Mackay's standard fee proposals follows a year-long campaign by solicitors to persuade Lord Mackay not to replace the current system of paying solicitors on the basis of the work actually done with a system based on standard fees for different categories of case.

Rail interest 'encouraging'

More than 70 private-sector groups have expressed an interest in operating rail passenger services under the franchise arrangements planned by the government, Mr John MacGregor, transport secretary, told the Commons. He said it was "extremely encouraging" that they included more than 20 management-employee buy-out teams.

The laptop guide to software.



Everyone in business should read the Software At Work Survey, published Thursday March 11. It's a user-friendly, 24 page guide to state-of-the-art software and its applications to business. The Software At Work Survey. Free with next Thursday's FT.

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R&D

ON A grey February afternoon in a London meeting room, a Cambridge research team announced that it had demonstrated one of the holy grails of electronics engineering. It had developed a single electron device, where a "bit" of information could be stored by a single electron in a chip.

The announcement overshadowed one of the most innovative aspects of the development: it was made by a joint Anglo-Japanese research team.

For Hitachi, it was the first time the company had conducted fundamental research outside Japan, according to Akira Koizumi, managing director of Hitachi Europe. But this is a growing trend among Japanese companies. Cambridge's Cavendish laboratories have collaborative agreements with both Toshiba and Hitachi to conduct research into quantum electronics. And Sharp has set up its European research centre on the Oxford Science Park.

Clive Bradley, managing director of Sharp Laboratories of Europe, believes credence in these projects is growing within Japanese industry and government. "Generally speaking there is a perceived need to bring into Japanese companies the kind of research experience that is done outside. Building laboratories overseas and having good communications is the best way of doing that," he says.

Yutaka Kuwahara, general manager for Hitachi Europe's research and development centre, emphasises the point. "Discussion between people from the same cultural background is not so deep. Researchers with different backgrounds bring different attitudes."

Hitachi had some track record in collaboration between Japanese and overseas researchers before joining forces with Cambridge. Some 300 foreign scientists had already passed through the doors of its Tokyo research laboratory.

"About five years ago we believed — and we still believe — that revolutionary technology could be done through international collaboration," explains Kuwahara. "We thought industry would have difficulty in doing it on its own — it needs to be a collaboration between theorists and industry."

Hitachi ploughs £1m a year into its Cambridge laboratory, which pays for seven staff, two from Japan and five from the UK. This comprises half the joint development team, with the rest funded through UK academic sources. Hitachi holds the patent on the single-electron device, but Cambridge University

Della Bradshaw examines a growing Japanese trend for international collaboration on R&D

Two heads are better than one



British and Japanese scientists join forces in quantum electronics research at the Hitachi Cambridge Laboratory

will share in any financial returns from the breakthrough.

The Toshiba Cambridge Research Centre, on the Cambridge Science Park, which has been open since January 1991, has 11 staff, two of whom are Japanese. The managing director is Michael Pepper, a Cambridge professor.

Sharp's laboratory, which has been open since March 1992, is by far the largest of the three. It employs 42, including four Japanese researchers, and has funds of £4m a year, out of Sharp's total R&D funds of £500m. The most difficult thing in setting up the laboratories from scratch, reports Bradley, was deciding the focus of the research.

"Sharp asked us to consider programmes in opto-electronics, artificial intelligence and machine translation. Those were the broad categories," he recalls.

Cambridge's Cavendish laboratory and Hitachi faced a similar challenge. Four years ago the research was centred on quantum devices: only as the research progressed did it become focused on the

single-electron memory. Researchers argue the collaboration has been fruitful, though not necessarily easy.

"Science is fairly universal," points out Haroon Ahmed, professor of micro-electronics at the Cavendish Laboratory. "But there are different ways of doing things."

The Hitachi team gets together

'Science is fairly universal, but there are different ways of doing things'

once a week to discuss the extent of its research. "We also argue about our results," adds Ahmed.

"I am very interested in the difference between the Japanese and the UK way of doing research," explains Yasuo Ikawa, deputy managing director of the Toshiba Cambridge Research Centre. "As far as basic research is concerned the UK has strengths historically. Japan, I

believe, has strengths in developmental research. We have to think about combining those differences."

Ikawa believes that in Japan researchers take a "me too" attitude to research. When a theory is first proposed, he says, researchers are sceptical. But once the theory appears plausible, then every company takes it up. In the UK, on the other hand, researchers do not want to work in areas where rivals are working. "That is why there is so much creative and original research done in the UK," argues Ikawa.

Bradley believes that in Japan more emphasis is placed on quantifying targets, even in basic research. "I have to try to come to an appropriate blend of individualism in creative research and Japanese management skills," he says. "Management skills are not something that comes naturally to highly innovative scientists."

The trick, believes Bradley, is not to suppress the individualism that persuaded Sharp to invest in British scientists in the first place. And, he adds: "We've been pleasantly sur-

prised to see how researchers have responded to targets, even if they're five or 10 years away."

Communications hold the key, believes Kuwahara. At Hitachi, relationships were introduced at every level of research — between researchers and scientists as well as managers. Research programmes were used to send people from the UK to Japan to work in Hitachi's laboratories, where work is done on the related field of atomic manipulation. "Of course, it is not easy," says Kuwahara. "But this sort of human communication is very important."

Bradley goes even further. He believes good communications between researchers in Japan and those in Oxford are crucial to the team's success. Researchers in the two centres have a "very active day-to-day relationship," he says.

Technology also aids researchers in forging closer links. Electronic mail, telephones and facsimile machines are used to keep researchers in the UK in contact with those in Japan.

Sharp has a global network for telephone and fax calls. Looking to the future, Bradley believes computer-to-computer communications will also be established. But this will create its own problems. Much of the data held in the principal research centre are in Japanese and would need translating.

Bradley points out the culture of Japanese companies such as Sharp prevents the research laboratories from feeling cut off from the main body of researchers. "It's not the Japanese way to leave us isolated. We're all part of the family now. They work very hard at that."

For Bradley, the links between Oxford and Japan are particularly important because the Japanese company is Bradley's biggest customer.

Although the European offices of Sharp funded the £9.8m capital outlay for the research facility — Sharp in the UK provided 80 per cent with France, Germany and Spain providing the rest — it will be some time before they will be able to take the Oxford developments and incorporate them into products.

"In five to 10 years' time we will be looking more to European countries," adds Bradley.

For Toshiba, too, it is Japan that funds the research. But, says Ikawa, the head office gives the research team a certain amount of autonomy. "Toshiba Tokyo's concern is the research results."

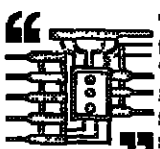
In spite of the difficulties, Hitachi's Koizumi believes the benefits of international collaboration have outweighed any problems.

"We believe this is a good model for a different way of doing research," he says. "It's the opposite side of the brain drain."

Technically Speaking

Finding a grand unified theory

By Alan Cane



THE turmoil in the information technology business is plain to see. But the reasons why so many different kinds of IT company are in trouble is less obvious. A whole litany of causes can be invoked to explain why companies are losing money, cutting staff, losing the loyalty of their customers and so on.

The problem, as Charles Morris and Charles Ferguson point out in the current issue of the Harvard Business Review, is that the usual explanations are inadequate.

Certainly the recession is taking its toll throughout the developed world, but some companies, Intel and Microsoft among them, continue to increase their sales and profits despite the devastation.

The move to "open" or industry standard systems has promoted lower prices for both open and proprietary equipment. But the open systems revolution has not gone that far yet.

The shift away from mainframes has also affected the traditional computer industry — companies such as IBM and Unisys. But the majority of companies which rely on mainframes will continue to use them. There is simply no cost-effective substitute to mainframes for some applications. Certainly not client-server networks.

Some companies, such as Digital Equipment, failed to exploit personal computers early enough. But personal computer makers and distributors have also been having a rough time as prices plumb the depths, taking profit margins with them.

Clearly, there is a crying need for a "grand unified theory" of the great computer industry disaster to serve both as warning and encouragement.

Morris and Ferguson, authors of a soon-to-be-published book entitled *Computer Wars: How the West Can Win in a Post-IBM World*, do the next best thing. They suggest a "grand unified theory" of success.

"Competitive success flows to the company that manages to establish proprietary architectural control over a broad, fast-moving

competitive space," they argue. In other words, the company that owns, maintains and continues to develop a design which becomes an industry standard should be a winner.

Their explanation holds good for Intel, Microsoft and Novell. Intel's microprocessors, Microsoft's operating system and Novell's networking software are all examples of proprietary designs which have achieved dominance and propelled their owners to seemingly untouchable success.

Morris and Ferguson are not afraid to take several heretical lines: proprietary systems, they say, serve customers and technological progress better than open designs, which become stultified by the need to settle on compromise solutions. But proprietary designs have to be vigorously defended, and this propels technological progress forward.

They also argue against the 1980s wisdom that companies should avoid broad, cost-sensitive markets in favour of high-price niches. "In fact, the broad market is the strategic high ground, if it is covered by a proprietary architecture. Niche product vendors can make profits, but they will remain minor players."

Experience of IBM and its all-pervasive System 360 mainframe computer architecture or Matsushita and its victory over Sony with the VHS video recorder format suggest that Morris and Ferguson's thesis has much to recommend it.

They say nothing about the role of luck in the equation, however. Intel and Microsoft have made the most of their proprietary architectures but they were handed all the advantages by IBM. When it should have held on to at least part of its control of its microprocessor or operating system design, IBM gave it away and unwittingly sowed the seeds of today's PC price wars.

Luck, of course, favours prepared minds and Intel and Microsoft were more prepared than most. But until creators of "grand unified theories" find a way of factoring luck into their equations, they will remain incomplete explanations of business success.

Missed opportunities are bad for a company at the best of times. In the middle of a recession they could be fatal.

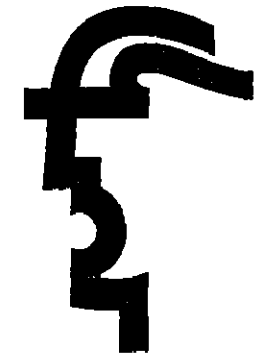
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MANAGEMENT: THE GROWING BUSINESS

Driving down car costs

Next week's Budget is expected to bring further changes in the tax treatment of the company car. But whatever the chancellor decides there are ways in which companies can reduce costs, according to a new guide* to company car management.

Managing a car fleet and preparing budgets depends on keeping records of previous performance. Manual records must include copies of all invoices including the original purchase invoice and registration date. A full service history can increase the sale price of the vehicle.

Several software packages are also available so careful choice needs to be made to ensure you get the right one. These should allow you to compare performance and cost with make, model, mileage and department.

Many companies allow drivers a free choice of vehicle within a price range without giving consideration to the reliability or service costs. Incentives to employees if they maintain their vehicles in good condition can help to ensure they are looked after properly.

If you use an outside garage for servicing do not allow individual employees to make a choice without vetting their selection and agreeing labour rates. Try to use as few garages as possible to build up a good working relationship and always ask if you can get a discount on parts.

Keep to the manufacturers' recommended service schedules though this does not necessarily mean using main dealers. Main dealers can charge £25-£50 an hour for labour but other, still reputable, garages can charge only £18-£18, even in central London.

Tight control must be kept of fuel bills. A fuel card can be used to keep control of costs nationwide. The fuel card company will usually provide an itemised bill twice a month. This not only controls unauthorised spending, it reduces administration time and provides useful management information about the efficiency of the car fleet.

CB
*Director's Guide to Company Car Management, 30 pages, £9.95. The Director Publications, Mountbarras House, Elizabeth Street, London SW1W 9RB. Tel: 071 730 6060.

Charles Batchelor begins a monthly series answering questions raised by the single market

A clearer view of the EC

THE formal launch of the European single market on 1 January 1993 signalled the most ambitious step towards European integration since the drawing up of the Treaty of Rome in 1957. In many areas, however, the creation of the single market was more apparent than real, since legislation prompted by the Single European Act of 1987 has been coming on stream for some time. The most notable changeover on 1 January was the switch to a new system of accounting for VAT and for collecting trade statistics.

In the run-up to the creation

of the single market companies were deluged with advice from the government, consultants, accountants and advice agencies on what action to take. Since 1 January the clamour has been stilled but businesses are still coming to terms with the changes. There are many sources of information open to businesses on the single market both public and private but the FT believes that by highlighting some of the issues which arise it will be providing a service to readers. We may also be able to pinpoint areas where either the original

EC directive or subsequent national legislation has led to difficulties. We therefore invite readers to write or fax any queries relating to doing business in Europe or resulting from the creation of the single market. The FT is happy to acknowledge the assistance of the London Chamber of Commerce and Industry's European Information Centre in compiling this feature. Write to Charles Batchelor, Single Market Q&A, Number One, Southwark Bridge, London SE1 9HL or Fax 071 973 3933.



Public contracts

Q: How can I find out about public contracts open for tender in other member states? Can I bid for them?

A: Yes, any company based in the Community may bid for contracts advertised in the Supplement to the Official Journal. EC legislation governing public procurement requires public purchasers in the member states to submit details of contracts for supplies, works, utilities and services to the Commission for inclusion in the supplement.

This journal is known as the "S series" and is published daily. It is available on subscription from Her Majesty's Stationery Office. You can consult all Official Journals at your local European Information Centre. In addition, Tenders Electronic Daily, the on-line version of the supplement, offers accurate and up-to-date information on contracts.

A number of organisations, including the European Information Centres, operate a monitoring service whereby companies are notified of relevant contracts.

Contracting authorities have a choice of three types of procedures:

- Open procedure - any interested contractor may submit a tender. This is the procedure which is most commonly followed.
- Restricted procedure - only those contractors who have been through a pre-qualification process are eligible and may be invited to tender.
- Negotiated procedure - allows contracting authorities to consult contractors of their choice and negotiate the terms of the contract

with one or more of them.

Public purchasers must advertise contracts above set minimum values. These are £200,000 (£165,000) for supplies and services, £500,000 for public works, £500,000 for services in telecommunications and £400,000 for services in the water, energy and transport sectors.

What the rules mean

Q: I am familiar with the term "EC Directive" but recently came across an "EC regulation". Can you tell me what the difference is?

A: There are five kinds of EC rule-making procedure. They are:

- Regulations. These are directly enforceable laws applicable and binding in the member states. In other words, no local laws need be passed for them to be effective.
- Directives. These are also legally binding but require further action by member states. They lay down the intended results of legislation leaving it to the individual member states as to how these aims are to be achieved and the target date for implementation.
- Decisions. These apply to member states but may apply to an individual or a company (or any legal entity) and are legally binding. They are primarily used to enforce competition policy decisions.
- Recommendations and opinions. These are not legally binding but they do have considerable political influence.
- Notices. These are not really legislation, nor are they legally binding but are generally intended to provide guidance. They are usually used to assist companies

in the field of competition.

Importing toys

Q: We import toys and sell them in the Community. What are the standards that apply and are there any plans to tighten them further? In addition, how do we prove we have attained the standard and carried out the necessary testing?

A: The EC has ruled all toys should bear the CE (Community Européenne) mark at the point of entry into the EC. It is recognised, however, that many importers apply the CE mark after importation and, as far as we are aware, this is accepted by many port authorities.

There is no specific procedure for testing products nor does any authority formally award the CE mark.

The mark is a declaration that the toy complies with the requirements of the EC legislation. It is the responsibility of the importer or manufacturer to ensure this declaration is accurate. In the UK the toys may be subject to checks by trading standards officers and, to customs.

To ensure the toys comply with EC rules, the importer/manufacturer may decide to have the product independently tested in an accredited laboratory within the EC - a list of EC-approved bodies is contained in the Official Journal C264, 1992.

Samples are submitted for testing to the harmonised standard and any other relevant standard. In the case of EC-type examinations, full manufacturing and design details should also be submitted.

Toys which legitimately carry a CE mark may be circulated legally throughout the Community. All member states have implemented the Toy Safety Directive.

Selling by mail order

Q: I understand there are new VAT requirements for small companies involved in distance selling. I sell by mail order and wonder how this will affect me?

A: From the beginning of 1993 the rules changed. If you sell to customers in other EC countries who are not VAT registered, you are responsible for the payment of VAT in that country.

This ruling applies until the value of distance sales (which includes mail order) to another EC country exceeds a specific threshold. Member states have stipulated the following thresholds will apply to each individual country and will be set in the currency of each country:

- £35,000 Belgium, Denmark, Greece, Ireland, Italy, Luxembourg, Portugal and Spain.
- £50,000 France, Germany, Netherlands and the UK.

When your sales surpass the threshold of any country, VAT becomes payable in that country on any further sales and you are required to register for VAT there. If you do not already have representation in the other member state, you must appoint a tax

representative who will be responsible for accounting for VAT to the authorities on your behalf. This will usually be an accountant.

Food packaging

Q: We are a UK-based company selling Danish foodstuffs. Is there any European Community legislation governing the language employed on food packaging? Would it be enough, for example, to place a notice in English over the display cabinet describing the product and its contents?

A: The EC rules require food retailers to display information about their products in a language which can be easily understood by customers. It is unlikely that a general notice in English above the display cabinet would be considered sufficient.

Your three options to meet the directive: you could repack the goods using English-language packaging; you could apply English-language labels to the original packaging; or you could have folders or pamphlets printed and distributed with the foodstuffs in question.

This subject is covered by EC directive 79/112/CEE relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer. The directive indicates the information which must be provided on labels. The language question is covered by article 14.

In a Nutshell

Insuring against terrorist damage

Business tenants in leased premises must make sure that they are fully protected under new insurance arrangements agreed by the Association of British Insurers and the government to meet claims for terrorist damage, London solicitors Hill Taylor Dickinson warn.

Landlords usually insure their leased buildings but pass on the cost to their tenants. If the landlord does not top up the £100,000 basic terrorist cover provided and the damage sustained is greater the tenant may have to meet the cost of the repairs.

Worse still and depending on the terms of the lease, the tenant may have to continue paying rent on a wrecked building and could lose the right to bring the lease to an early end, Hill Taylor Dickinson advise.

China backs capital venture

What is claimed to be the first government-backed venture capital company in China, the Guangdong Science and Technology Venture Capital Company, has been launched.

The company has two funds: a \$7m, (£4.8m) open-ended fund in which the Industrial Commercial Bank of China, CITIC Industrial Bank, Guangdong Development Bank and Guangdong Science and Technology Commission, are investors; and a \$10m, 10-year closed-end fund in which the commission and an unnamed US investment company are investors.

The funds aim to develop technology, help finance small and medium-sized companies and find global markets for products and services in areas such as communications, new materials and textile manufacturing.

Contact Guangdong Science & Technology Commission. Tel: 852 544 7072. Fax: 852 554 4573.

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BUSINESS AND THE LAW

LEGAL BRIEFS



Final members of Financial Law Panel announced

THE governor of the Bank of England has appointed the remaining members of the Financial Law Panel set up to tackle problems of legal uncertainty affecting the wholesale financial markets in the UK.

The panel, chaired by Lord Donaldson, former Master of the Rolls, will consist of Mary Arden QC, a company and commercial barrister; Ronald Artus, former executive director of Prudential Corporation; Walter Gubert, managing director of J.P. Morgan; Lord Hollick, managing director of MAI; Professor Jack, senior partner of solicitors McGrigor Donald and chairman of Scottish Mutual Assurance; Sir Brian Jenkins, senior partner of Coopers & Lybrand; Michael Jenkins, chairman of London FOX; Humphrey Norrington, vice-chairman of Barclays Bank; Ian Plenderleith, associate director of the Bank; Mark Sheldon, joint senior partner of Linklaters & Paines; Andrew Tuckey, chairman of Baring Brothers; Robert Walther, investment director of Clerical Medical Investment Group; Nicholas Wilson, adviser to National Westminster Bank; and John Cleave, head of banking group at the Treasury.

Senior salaries

SENIOR in-house lawyers at the Fortune magazine top 100 US companies received an 11 per cent pay increase last year taking the average salary package for these lawyers to \$469,500 (£330,600).

Their UK counterparts enjoyed an average 3.2 per cent rise according to a survey by legal recruitment consultants Chambers & Partners. Average salary for senior in-house lawyers reached £29,960. The top 10 per cent in the 30-34 and 40-44 age groups fared better, with remuneration of £149,000 and £171,250 respectively.

Inquiries that neglect the man in the street

Robert Rice reviews the debate over company investigations

Doubts about Department of Trade and Industry company investigations as a method of regulation have resurfaced in the wake of the recent publication of the long-awaited report into share dealings by the conglomerate Suter and its chairman, Mr David Abell.

Debate has been further fuelled by the revelation in the House of Commons last week that the investigation cost £501,000.

The 147-page report, which had taken four and a half years to put together, found no evidence that Mr Abell had acted in concert with associates in taking stakes in a number of companies in the mid-1980s. The DTI said no further action would be taken.

Yet the report called into question some of Mr Abell's evidence as "inconsistent" or seeking to "mislead". It questioned the timing of private share purchases by Mr Abell in Suter's potential bid targets.

Investors might legitimately ask why it took four and a half years to lift the cloud hanging over Suter, particularly in the light of the DTI's decision not to take action. Suter's growth was held back by the investigation. Other small conglomerates with which it was compared during the early 1980s have moved ahead.

Concern about the company investigations system as a means of protecting individual consumer and investor interests were first voiced at the end of the 1980s following

criticisms of the handling of the House of Fraser, Barlow Clowes and Guinness investigations.

The House of Commons Trade and Industry Committee produced a report in May 1990, calling for changes to make the system quicker and more efficient. It said that broader public interests than just the duties of directors and the rights of shareholders should be reflected in company law and the way it was applied.

The DTI had told the committee that the object of Companies Act investigations was to find out in the first place what was going on. This was done by calling for papers and interviewing witnesses. This evidence then formed the basis for any action, which included criminal prosecutions, winding-up of companies, disqualification of directors, sanctions by employers or other regulators, and changes in the law.

The committee, however, felt the overriding aims of investigations should be to protect investors (and other companies or individuals with whom the company under investigation may do business), to promote efficient and honest markets, and to maintain the integrity of the UK as a financial and business centre.

It concluded, from looking in particular at the House of Fraser report, that the interests of consumers, non-equity investors, creditors and employees did not attract the attention they deserved.

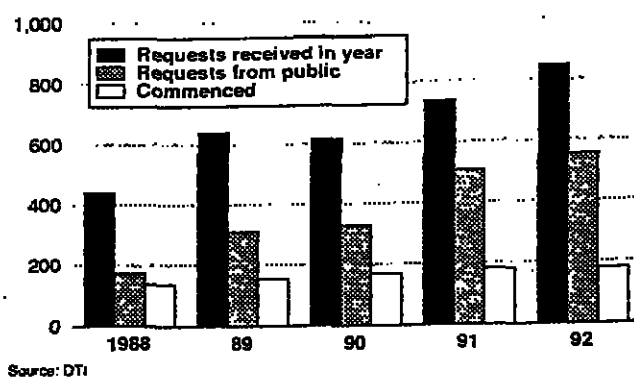
The committee also recommended

changes to speed up the whole process. It accepted the DTI's argument that it would be impractical, given the present level of available resources, to abandon the use of part-time external inspectors in favour of a full-time internal inspectorate. Even a small team of full-time inspectors would be periodically underemployed or overstretched. But it said outside inspectors should be required to devote at least 75 per cent of their professional time to an inquiry and major inquiries should complete their reports within 12 months.

The DTI's response to the committee's report was lukewarm. Professor John Farrar, a company law specialist, called it "characteristically complacent". The department accepted it had some responsibility for protecting the interests of consumers and individual investors but said there had to be realism about what any regulatory system could achieve. It could not hope to prevent all company failures or misconduct. The objective should be to set a framework within which investors could make their own judgments about risk and reward.

The DTI criticised the committee for concentrating on major inquiries and paying scant attention to the bulk of its investigatory work - basic fact-finding carried out by in-house investigators under section 447 of the Companies Act 1985.

Company investigations by the DTI



Source: DTI

These inquiries are not announced and the findings are not published. Although the DTI says it is still in discussions with the select committee, little progress has been made towards implementing reform. Implementation of the recommendation that the trade secretary should automatically apply for the disqualification of directors who give false information to DTI inspectors could have had a significant bearing on the Suter report for example.

Instead the DTI appears happy to rest on its record. On the surface that looks quite impressive. In the fiscal year 1991/92, there were 177 investigations under companies legislation, 155 of them announced inquiries where the DTI called for company papers under section 447. Seven teams of external inspectors were appointed and five inspectors' reports were published during the year. Seventeen companies were wound-up. Eighteen trials resulted in the conviction of 31 individuals. Ten people were disqualified as directors for periods from three to 15 years. The DTI also disclosed information and documents to regulatory bodies on 63 occasions.

The City, too, appears generally

happy with the present system. Company lawyers do not see reform as a priority and seem more concerned with ensuring procedures are fair to those under investigation. Mrs Frances Heaton head of the Takeover Panel, said that while the present system was "clearly not ideal" there was a "need to be realistic about what it is trying to achieve". Where there was a possibility of criminal charges, inquiries had to proceed with great caution. It was difficult to see what could be done to speed them up.

The Securities and Investment Board said there had been few problems with recent investigations. The inquiries that gave rise to all the criticism arose out of events dating back to before the 1986 Financial Services Act. The Mirror Group Newspapers investigation would provide the first real test of the system since the act came into force, but it was too early to say yet that it was taking too long.

From the public's point of view, however, the DTI's record is less satisfactory. The number of appointments of inspectors is very small compared with the number of applications for investigations, 65



David Abell, Suter's chairman

per cent of which are now made by the public. The number of applications has risen steadily in recent years from 411 in 1987/88 to 850 in 1991/92 but the number of statutory investigations has only risen from 135 to 177 over the same period. This has only fuelled criticism of inaction by the DTI.

Little progress appears to have been made either in speeding up the procedure. The average time to complete a major investigation has fallen from three years, eight months in the early 1980s to two years, four months today. But delays in publication after an inquiry seem to have increased.

Regulators welcome the publication of interim reports as a useful development, but no action has been taken on the committee's proposal that inspectors' recommendations for prosecution or disciplinary action should be contained in a separate appendix so that the bulk of a report can be published quickly.

It may come down to a question of resources. The DTI investigations division needs beefing up. While resources remain scarce, reform along the lines recommended by the committee looks unlikely.



EUROPEAN LAW

New Zealand cheddar imported into the European Community by one EC country and then resold in other Community countries is entitled to monetary compensation amounts (MCAs).

when being resold in the Community, the European Court of Justice ruled last week.

The case concerned the New Zealand Dairy Board and its subsidiary in Germany, General Milk Products GmbH. Until 1984, the subsidiary had imported cheddar, among other products, from New Zealand for resale within the Community, and these resales benefited from MCAs.

MCAs were introduced by the

Compensation valid for NZ cheddar

Community to compensate for fluctuations in export and import prices of agricultural products between the prices fixed by the Community institutions and the real market prices.

In 1984, an agreement was reached between New Zealand and the Community, whereby the regime for trade in cheese was changed. Instead of minimum prices and quota restrictions on cheese imports into the Community, the new arrangements relied solely on quota limits.

This change led the German customs to refuse the applicant company any MCAs for the cheese it

was seeking to export from Germany to other countries in the Community.

The European Court ruled that the change in arrangements for the import of cheese from New Zealand into the Community had not had any impact on the granting of export MCAs.

The Court said that, in deciding to suspend the minimum prices, the Commission must have found New Zealand prices and Community prices for cheddar to be compatible. This had nothing to do with the grant of export MCAs, which were aimed specifically at neutralising the consequences of currency fluctua-

tions on the movement of agricultural products within the Community.

The Court therefore ruled in favour of General Milk Products but with one proviso. Export MCAs were applicable to the transactions in question as long as, like the GMP dealings, they were ordinary commercial transactions. MCAs would not be granted to fictitious arrangements, intended only to claim the benefit of MCAs.

This proviso was clearly aimed at underlining the Community's wish to stamp out the fraudulent transactions that have been a feature of certain agricultural markets within

the Community in recent years.

C-8/92: General Milk Products GmbH v Hauptzollamt Hamburg-Jonas, ECJ 3CH, March 3 1993.

Other cases of interest

Among the many opinions of the Advocate-General, two cases look certain to be of particular interest. They both concern the Community rules relating to health warnings on cigarette packets.

Advocate-General Lenz found that Community rules required member states to ensure that health warnings on cigarette packets covered per cent of the surface area of each packet. National authorities, how-

ever, are not entitled to demand that health warnings cover a larger surface area than 4 per cent, even if the domestic labelling requirements are more strict. Advocate-General Lenz also found that the Community rules, as presently constituted, only allowed for one health warning per cigarette packet. The judgment of the Court will be awaited with interest by the cigarette manufacturers.

C-22/91: Ministero delle Finanze e Ministero della Sanità v Philip Morris, Opinion of Advocate-General Lenz, March 2 1993.

C-11/92: R v Gallagher Ltd, Opinion of Advocate-General Lenz, March 2 1993.

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Norcross shuffles its titles

Norcros, the building products and packaging group, is switching Michael Doherty to the post of executive chairman and doing away with the title chief executive.

Doherty joined Norcross as chief executive five years ago - after it had escaped the clutches of Williams Holdings - from Cope Allman.

He also took on the role of deputy chairman in 1988 when Julian Sheffield, son of the founder, became chairman. Sheffield is stepping aside as chairman but stays as a non-

executive director.

Robert Alcock, who joined as finance director from Nabisco UK in October 1989, is being promoted to the new post of group managing director. Norcross is seeking a replacement as finance director. According to Doherty: "Robert will look at the business from month to month and I will look at it year-to-year."

Although the changes are not a direct response to the Cadbury report, Doherty says, some of the requirements mean that "the role of chair-

man is much more demanding". As a "virtually full-time" chairman of Norcross, he had few other business interests. The main one was the chairmanship of Henlys, the motor group. This proved rather onerous last year as it was fighting off a hostile bid from T. Cowie.

Norcros is making the post of deputy chairman non-executive and Anthony Elliott, a merchant banker who has been on the board for six years, will fill that role. He is also a director of SG Warburg and Bridon, the wire rope maker.

Non-executive directors



The Volkswagen/Audi import franchise in the UK has appointed a new titular head little more than a month since the ink dried on its formal transfer from Lorch to the German parent, will have little impact on the day-to-day running of the operation based in Milton Keynes.

Wittig will be non-executive and remain in Wolfsburg. Previous VAG (UK) chairmen have similarly been non-executive, and drawn from Lorch.

Wittig himself is no stranger to the British operation, having been a non-executive director since 1989 - when VW first began flagging its intention to take back the franchise from Lorch by beefing up its board with Wolfsburg appointees.

Carl Hahn, former chairman of Volkswagen, has been appointed a non-exec at TRW.

A former joint managing director of the Financial Times, he joined Channel Four in 1981 and was involved in its start-up. However, he lost out to Michael Grade in the battle to succeed Jeremy Isaacs for the top job there and in June 1988 left to become chief executive of Galileo, the newly-created European airline computer reservation systems group. Since 1989 he has been chairman of the European Communications Industries Consortium.

Justin Dukes (right), 51, a former managing director of Channel Four Television, has been appointed a non-executive director of VTR, which provides video post-production facilities for advertisers and programme makers.

Dukes' name has been linked with a number of high-profile media jobs since he quit Channel Four, including, most recently, a bid to get Britain's fifth television channel based in Scotland.

Finance moves

■ Ron Lee, formerly a director of BAE's Airbus and commercial aircraft subsidiaries, has been appointed executive director, UK and international human resources at FIDELITY INVESTMENTS.

■ Tomihari Miyuki, formerly senior vice-president at Nikko Securities International in New York, has been appointed director and deputy head of the global structured products group in Tokyo of UBS.

■ PHILLIPS & DREW, Manchester Murayama moves from Dillon Read to become director in the capital markets division, also in Tokyo.

■ Alison Deuchars, formerly a banking analyst with Smith New Court, has been appointed a director and bank analyst with LEHMAN BROTHERS INTERNATIONAL.

■ Mladen Ninkov has been appointed a director of ANZ, International Merchant Banking and head of the international corporate finance department.

■ Jeremy Alford and Terry Arshut have been appointed directors of WHITTINGDALE Ltd, Robin Gilkes, Lionel Hoare and Christopher Poval directors of Whittingdale Unit Trust Management.

■ Peter Bowers moves on to the board of NOBLE LOWDOWNES.

■ Chris Kellik has been appointed general manager, Africa, for STANDARD CHARTERED.

■ David London, formerly a director of Greenwell Montagu, has been appointed Midlands regional business development director for Quilter Goodson, part of COMMERCIAL UNION.

Binks leaves CSI; Jones leaves Lloyds Abbey Life

David Smith, the management consultant who masterminded the Isoceles bid for Gateway in 1989, is to become chief executive of Cannon Street Investments.

Smith replaces Robin Binks, the man who first introduced the accountant and business consultant to CSI's board in September. The two met when Smith was trying to organise the bid for Gateway and Binks helped Isoceles to secure the finance for the bid.

Binks, who was informed of the board's decision to replace him about two weeks ago, has been paid compensation believed to amount to a six figure sum.

Tom Long, chairman of CSI, says the company is moving into a phase when operational skills would become more important. "That is where David's skills lie."

Binks, a former merchant banker who joined CSI in November 1990, had been crucial to the group's debt reduction strategy involving the disposal or closure of several subsidiaries. Under his tenure, disposals included the Notation of Avonside, the housebuilder, the sale of 1.5m Betacom shares, and the laundry group, Stalbridge.

CSI is now estimated to have debt of less than £25m, against a peak of £100m.

■ Gary Jones, marketing director of Lloyds Abbey Life since it was founded in 1988, is to leave the company at the end of this month.

A spokesman for the company said that Jones, who joined Abbey Life in 1986 from the brewing and retailing division of Grand Metropolitan, was not moving to a specific job elsewhere, but had decided that he no longer wished to continue working in life assurance.

Lloyds Abbey Life does not intend to appoint a replacement in the short term, but will divide his responsibilities between the company's different divisions.

■ John Cook has resigned from IPECO HOLDINGS.

■ Clive Line has resigned from CLUFF RESOURCES.

■ Richard Crotty will be retiring from LOMBARD NORTH CENTRAL in June.

■ Nathaniel Blackwell is retiring from FERRANTI INTERNATIONAL.

■ Bryan Gregory has resigned from JOHN LAING.

■ Bobby Charlton and Philip Hawthorne, directors of CONRAD CONTINENTAL which operates in leisure clothing, sports coaching courses and sports ground security, have resigned in order to concentrate on the trading activities of Bobby Charlton Enterprises.

Though one would hardly think it, to look at the artists promoted abroad by the British Council, or supported by the Tate Gallery or our other major domestic institutions, figurative painting continues to flourish to a remarkable extent in this country. By that I mean painting founded in the direct response to the visible world, to landscape, the figure and still life, as in the Beaux Arts tradition.

Until a generation ago, it was the staple of all training in the fine arts, for sculptors, too, were brought up in the observation and modelling of the figure. But to speak of such things today is to speak a foreign language so far as most artists under the age of 50 are concerned. If the tradition still flourishes, it does so at the hands of artists of a certain age.

Sargy Mann is in his mid-fifties, a product of the Camberwell School under the old, unformed dispensation. He is a painter of landscape, but the landscape neither of great distances nor of particular scenes, details or effects. His subject is rather the near and middle ground: the studio interior or, as in this exhibition, the comparatively close and oddly enclosed spaces near his home at Bungay in Suffolk; the village street, footbridge and river bank, farm buildings.

The wonder is that he is able to paint at all, for he is nearly blind, with no more than peripheral vision in one eye. This is not to make allowance for the work, but to remark upon its nature. The over-coming of the disability has had a profound and clear effect upon what the work actually is, both in its process and its result.

Unable to consider the subject-matter in its entirety, he is forced to examine it point by point and even to walk into it himself, to look more closely, to pace and feel and measure. And the surface of the painting is the record of this process, with its scribbled chalk notation of registration and confirmation, its loose atmospheric suggestions and the final, solid, monumental simplicity of the forms themselves: the buildings, roofs and objects by which the true pictorial space is established.

The sense is of the painting never stopping, a continuous and living process, with every day a new start, from which the sense of place, lively and authentic, is teased at last. Mann's is indeed an aesthetic of process and physical commitment, quite remarkably so.

Hans Schwarz is now 70, a refugee from Vienna and the Nazis before the War who has made his life in England ever



'Bromelaid Vriesia' by Ben Levene

Back to the figurative

since. He too is a painter of landscape, but no local loyalist, for he is as likely to be taken by the visual excitement of a zebra crossing as by the view across the Thames to St Paul's, or a French village street, or a Somerset duck-pond. He is also one of the most forceful and lively painters in water-colour to work in this country, which is not at all intended as the back-handed compliment it might seem.

The conventional hierarchy of media, by which oil on canvas rates as something inherently more serious and valuable than work on paper, was always something of a nonsense. Serious artists use whatever medium and material are appropriate to their particular and immediate needs, and the portability of paper and the speed and flexibility of water-colour make their own case.

Schwarz is no narrow specialist, but that his large water-colours should be so cheap is merely to make the point with a nice irony. He uses body colour to some extent, which sacrifices something of the natural luminosity

of true water-colour, but he gains infinitely in the richness of his effects, both physically on the surface, and in his colour, for he is an instinctive and adventurous colourist, with his dense oranges and purples, greens and ochres.

He shares this current show with the much looser, more abstracted landscape water-colours of Jenny Ryle, a young painter from Scotland having her first proper showing in London. Ben Levene, again, is in his mid-fifties, a product of the Slade School under Coldstream, but no dot-and-carry methodist. He paints still-life, flowers in pots for the most part, and the landscape as though seen through the window, the view high across the fields to dark hills beyond. The drawing is close enough to be positively descriptive, as opposed to the merely suggestive, but a closer view shows it also to be quite crude in its sophisticated way, graphically firm and purposeful rather than more subtly accommodated.

The effect is oddly emblem-

atic, most especially in the flower pieces, a quality often reinforced by the use of a gold-leaf ground, setting the image up in an almost hieratic isolation. Presented so simply and directly, the paintings seem so much the more charged with colour, and it is indeed as a colourist that Levene is most interesting. He is no strident colourist, but within the cool range of his greens and reds, golds and blacks, he does achieve a remarkable control, the brightest viridian that is a field a mile or two away sitting quite properly in its pictorial place, keeping its distance. And with Matisse and Manet, Levene knows, what most artists do not, how rich and various a colour black can be.

William Packer

Sargy Mann: Cadogan Contemporary, 108 Drydock Avenue SW3, until March 27. Hans Schwarz: Thackeray Gallery, 18 Thackeray Street, Kensington Square W8, until March 26. Ben Levene: Browse & Darby, 19 Cork Street W1, until March 2

Theatre

Macbeth

Dr Johnson disliked *Macbeth* because of the line "Nor heav'n peep through the blanket of the dark, to cry, Hold, Hold!" Who, thought Johnson, could hear of peeping through a blanket? Now videos, lasers and scartifying electric soundtrack challenge the settled gravity of *Macbeth* in a bold, fresh, wayward production at the Leicester Haymarket.

Julia Bardsley's heavily-cut text reduces Shakespeare's shortest play to a shade over two hours: out go the Porter, the evocations of Dunsinane and the lyrical lines on sleep; in come lasers, microphones and stroboscopic light. The nine actors rove around three sunken water tanks, two dozen chairs and a rail of coats.

Bardsley's newness of intention certainly reshapes the play. The initial encounter between Macbeth and Duncan is played twice: first as "There's no art to find the mind's construction in the body", and then as the usual "face", a joke about body language in the video age. Soliloquies are shouted into microphones, muttered

through cigarettes, or shared between characters. These cuts and alterations stress the action, a play-size model of Macbeth's "If 'twere done, then 'twere well it were done quickly".

Of course, Shakespeare often needs alteration. The scenes in England - largely cut here - do little more than give the actor playing Macbeth an act's rest. But this production distorts both the play and the mind's own workout in the theatre. Scouring *Macbeth* of its lyricism turns the action into physical event rather than verbal interplay. The witches' warnings to Macbeth are drowned in a welter of electric distortion, so first-time playgoers would have no idea what was happening. These prophecies must be clear so Macbeth's fear becomes understandable in the final scene. Other directorial waywardness

includes having Lady Macbeth sleepwalk along a long line of pillows, like someone trudging through a snowdrift, rubbing her hands with cold; and having all the characters prowl over the set, colonising the stage space but dissipating the focused energies of the verse.

Christopher Toulmin's lighting is the technical hero. The deep black stage is scoured by floodlights, rotating, searching out the shadows among heaps of ladder-back chairs: red light for murders, blue for night. Purple and green lasers represent the witches, who speak in three voices through one actor with a video camera. The anti-climactic chaos of the final scene finds Macbeth surrounded by chairs, raincoats and spotlights. The moral issues are dismissed as Macbeth's identity is excised. It was the radical Dr Johnson who thought the action of *Macbeth* too forthright to admit of individual characters.

Andrew St George

Leicester until March 20; 0533 539797

More Britten at the Barbican

It cannot be often that the audience at a music festival can be drawn to a programme of films about miners and postmen. The Barbican's recent study weekends devoted to the works of single composers have ferreted out some interesting fringe items for the cinema and the present Festival of Britten is no exception.

On Sunday three short documentaries with scores by Britten were shown in Cinema 3. They are early works, mere bread-and-butter earnings perhaps, but bold, inventive, adventurous. *Cool Face* - an educational film dating from the 1930s about the coal industry's pivotal place in the British economy (how times change!) - is astonishingly modern in its aim of creating music out of the sounds of industrial tools and equipment, even coal tumbling down a chute.

Encountering out-of-the-way pieces like these widens one's appreciation of how far ahead of his time the young Britten was. There is a theory recently given air on Channel 4 that, in later life, Britten became too much part of the establishment and in some way less true to himself. With so much of his music on offer, it should be possible to come to some overall view of his output before this month-long festival reaches its close.

Certainly the music of the 1930s hits

Weekend music in London

hard in a way that makes some of Britten's later work sound unduly comfortable by comparison. The main evening concert at the Barbican Hall on Sunday included the Violin Concerto of 1940. This has always seemed to me the strongest of all his orchestral works, a score with a troubling blend of disquiet and foreboding that gives it an atmosphere all of its own. Mark Lubotsky, violinist on the composer's own recording, was the pithy, occasionally uncertain, visiting soloist.

There really is little comparison in the quality of this music and the sentimental pseudo-Elizabethan pastiche that makes up the Suite from *Gloriana* of 1953, which opened the concert. As for the *Young Person's Guide to the Orchestra*, that can claim professionalism in its defence, though it does sound better when played less heavily than it was here by Mstislav Rostropovich, conductor and architect of the festival.

No complaints about the concert as a whole, however. For at its centre was a moving account of the Serenade for tenor, horn and strings, in which Rostropovich's fondness for loving all the music he performs to excess did pay dividends. Barry Tuckwell was the exemplary solo horn (we are lucky still to have these associates of Britten with us) and Anthony Rolfe Johnson sang the tenor part with such

infinite sensitivity that the few moments of strain will not be mentioned. For its part the London Symphony Orchestra would seem to be enjoying another first-rate festival.

On Thursday Rostropovich had appeared as solo cellist, the role in which Britten knew him. Perhaps his technique is no longer the dazzling, note-perfect facility which inspired the daunting difficulties of the Solo Cello Suites from the composer, but he still plays them (the Third, on this occasion) with an intensity that is out of the reach of his successors. The Cello Sonata, accompanied with light-fingered grace by Ian Brown, also washed over with feeling.

Britten only met Rostropovich in 1960 and so the music that he wrote for him dates from relatively late in his life. By and large they are works with a renewed sense of purpose and individuality. As our knowledge of his music grows, I am prepared to lay claim that it is Britten's middle years which will eventually be seen as his weaker period.

Richard Fairman

Festival of Britten continues at the Barbican until March 21 (Box Office 071-638 8891)

Virtuosos at the piano

On Saturday in the Wigmore Hall, the Swiss pianist Andreas Haefliger - late 20s, son of the distinguished Bach tenor Ernst - made his first London appearance, and on Sunday at the Barbican the 21-year-old Russian Yevgeny Kissin (already heard here in a concerto or two, one of which is reviewed by Andrew Clements, below) gave his first solo recital at the Barbican. Even in London, it is rare to come upon a pair of such remarkable debuts inside 24 hours.

On the strength of these performances Haefliger might be thought to have the edge in continual, passionate expression, Kissin to excel in miraculous pianism not just aggressive bravura feats, but a speaking subtlety in *piano* and *pianissimo* that held his Barbican audience in bated-breath silence. Nonetheless, any such comparison would be pointless.

Haefliger's extra few years may explain why he could illuminate Schumann's *Davidbinderl* with so much direct feeling. This set of linked pieces - later than *Carmina*, despite their arsy-verse opus numbers - trades off the composer's "Florestan" persona (florid and pressing) against his soulful "Eusebius" (tremulous and introspective) more specifically than any of his other music. Most pianists treat it as semi-private, rarefied stuff to be rendered in half-tones. In Haefliger's hands it brimmed with vitally contrasted sentiments, naked and assured, and it made a grand, riveting sequence.

The comparable high-water mark in Kissin's recital came with the three slow Intermezzi of Brahms's op. 116 *Fantasies*. The quicker Capriccios were superbly las-

tidious and fluid - that combination is Kissin's special strength - but just on that account less craggy, troubled and unassuageable than some old masters can make us hear. The Intermezzi, however, were sculpted with nerve-end delicacy: they hung in the air like densely luminous objects, each with its own poignant freight. The house was spellbound; this was piano-playing of a very rare order.

Haefliger had started off with Sofia Gubaidulina's *Chacona*, already 30 years old but still bristling with muscular, visionary flashes. Kissin began with four Liszt transcriptions of the tunes over the charms of Liszt's filigree enrichments. Instead of being cajoled by those latter, which must be the best excuse for playing the Liszt versions, we were reminded of how much more penetrating a singer can be with the vocal lines. After them came the "Wanderer" Fantasy, in which Kissin's lofty, unblinking long-view compensated perfectly for his penchant for languishing moments.

Both artists saved their pyrotechnical gifts for their second halves. After unfolding deep, sumptuous textures for Debussy's second book of *Images*, Haefliger whirled through Liszt's "Mephisto Waltz" with far more digital brilliance and sweep than he had allowed himself earlier in his recital. Kissin went from his radiant Brahms back to Liszt with a *Rapodite Espagnole* of bewitching elegance, wit and dazzling dispatch. Barring fatal accidents, these pianists should command delighted audiences for many years to come.

David Murray

Kissin in concert

The Philharmonia's concert on Thursday, conducted by Leonard Slatkin, had something for almost everyone - a nearly new work by James Macmillan, his *Sinfonietta*, as well as a neglected Shostakovich symphony (the Sixth) and a rare appearance in London of one of the most exciting pianists of the younger generation, Yevgeny Kissin (reviewed in recital above by David Murray).

Kissin is still only 21; Russian born, he made his British debut in 1987 at the Lichfield Festival. His reputation here rests largely upon a handful of recordings (including the First Tchaikovsky Concerto with Karajan, some Brahms, Liszt and Schubert's *Wanderer* Fantasy) which readily distinguished him from current excellent keyboard technicians as a pianist who evidently regards his extraordinary dexterity as a means to a carefully considered and rather than as an accomplishment in itself.

Certainly his reticent platform manner and uncomplicated keyboard style implies thoughtfulness, and positively belies the glittering panache of Kissin's playing: the clean-cut accuracy of his figuration and the perfectly weighted rhythmic emphases seem utterly natural. Prokofiev's Third Concerto, which he played with the Philharmonia, does not provide too many opportunities for

profound contemplation, yet there was a sense that everything Kissin did was informed with a genuine musical purpose, that he listened acutely to what was going on in the orchestra and gave every passage a beginning, a middle and finally a structural function. By the highest standard the performance was fractionally short on excitement. There were no risks of any kind; never a hint of insecurity but no flashes of inspirational daring either.

The support provided by the Philharmonia was always vigilant. Slatkin is a refreshingly straightforward musician, a selfless

accompanist, an unfailing guide through the excitements and longueurs of a work like Shostakovich's Sixth, and a reliable presenter of unfamiliar scores. In fact Macmillan's *Sinfonietta* was not at all unfamiliar; it was performed barely a year ago by the London Sinfonietta who commissioned it.

At that premiere the single-movement work seemed thin on substance and almost complacent in its formal planning, and the expansion to full symphonic proportions (to which the programme note provided no clue whatsoever) is no help at all in disguising the flabby musculature and insipid melodic content.

Andrew Clements



AMSTERDAM

Concertgebouw Tonight: Vassili Sinaiski conducts Netherlands Philharmonic Orchestra in works by Brahms and Strauss, with piano soloist Vladimir Viardo. Tonight in Kleine Zaal: Andreas Schmidt song recital. Tomorrow, Thurs, Fri, also Sun afternoon: Riccardo Chailly conducts Royal Concertgebouw Orchestra in Brahms' First Serenade and Zemlin's Lyric Symphony. Sat morning: Roberta Alexander song recital. Sat afternoon: Valery Gergiev conducts Rotterdam Philharmonic Orchestra in Prokofiev, Shnitke and Berlioz, with viola soloist Yuri Bashmet. Sat evening: Antoni Ros-Marba conducts Netherlands Chamber Orchestra in works by Beethoven and Mozart, with piano soloist Maria Joao Pires. Sun evening: Sinaiski conducts Netherlands Philharmonic in Tchaikovsky and Beethoven. Mon: Arditi Quartet (6718 345) Muziektheater Tonight, tomorrow:

Nederlands Dans Theater in Jiri Kylian's *Kaguyahime*. Thurs, Sun afternoon (in repertory till March 30): Glen Wilson conducts Pierre Audi's new production of Monteverdi's *Ulisse*, with Anthony Rolfe Johnson (6255 455)

BRUSSELS

Monsieur Tonight, tomorrow, Fri, Sat: Philippe Boesmans' new opera *Reigen*, libretto by Luc Bondy after Schnitzler. Directed by Bondy with a cast including Dale Duesing, Françoise Pollet and Solvieg Kringelbot (219 6341). Tomorrow at Palais des Beaux Arts: Barbara Hendricks song recital (507 8200)

GENEVA

MUSIC: François Rochaix's new production of Poulenc's *Dialogues des Carmélites*, conducted by Michel Plasson, opens tonight at Grand Théâtre. Further performances March 12, 14, 16, 19, 21 (311 2311). Vladimir Spivakov directs Moscow Virtuosi on Sun afternoon at Victoria Hall (311 2511)

THEATRE

A new play by Monique Lachère about Catherine de Medici opens tonight at Théâtre de Carouge, daily except Mon till April 4 (343 4343). Robert Pinget's mystery play *L'Inquisiteur* runs daily till Sat at the Comédie (320 5001)

ROTTERDAM

De Doelen Tonight: Quartet Sine Nomine. Tomorrow: Rudolf

Buchbinder plays Schubert piano music. Thurs, Fri: Valery Gergiev conducts Rotterdam Philharmonic in Prokofiev, Shnitke and Berlioz, with viola soloist Yuri Bashmet (413 2490)

THE HAGUE

Danshetheater Tonight: Dutch National Ballet in choreographies by Balanchine, Ted Brandson and Martha Graham. Thurs, Fri, Sat: Nederlands Dans Theater in Jiri Kylian's *Kaguyahime*. Next Tues: Opera Forum production of Bizet's *Pearl Fishers* (360 4930) Dr Anton Philipszaal Thurs and Fri: Christopher Zimmermann conducts Hague Philharmonic Orchestra in works by Weber, Beethoven and Mendelssohn, with violin soloist Ida Haendel. Sun afternoon: Zimmermann conducts Brahms and Rachmaninov, with piano soloist Arnaldo Cohen. Next Mon: Antoni Ros-Marba conducts Netherlands Chamber Orchestra, with Maria Joao Pires (360 9810)

VIENNA

OPERA: Staatsoper The main event this week is the premiere on Sun of Adolf Dresen's new production of Siegfried conducted by Christoph von Dohnanyi, with Siegfried Jerusalem and Hildegard Bevrone (repeated March 18, 22, 26). Tomorrow: Die Zauberflöte. Fri: Fidelio with Gabriela Benackova. Sat: Der Rosenkavalier with Lucia Popp and Ann Murray. Next Mon: La traviata with Sona

Ghazarian (51444 2955) Kammeroper Tomorrow: final performance of Boris Pokrovsky's production of Shnitke's *Life with an Idiot* (513 8072). March 14-21 at Odeon: Impressions de Péléeas, Peter Brook's Debussy adaptation (586 1876)

CONCERTS: Musikverein Tonight: Tzimon Barto piano recital. Tomorrow: I Musici di Roma play Rossini, Boccherini and others. Sat and next Mon, also Sun morning: Isaac Karabchevsky conducts Tonkünstler Orchestra in works by Hindemith, Bruckner and Brahms with violin soloist Sergei Stadler. Sun evening: Nikolaus Harnoncourt conducts Concentus Musicus Wien in a Haydn programme. March 20, 21: André Previn conducts Vienna Philharmonic (505 8190)

Konzerthaus Tonight: Alban Berg Quartet plays Lutoslawski and Ravel. Tomorrow: Kronos Quartet. Thurs and Fri: Bernd Weikl sings Winterreise. Sun morning: Rudolf Buchbinder plays Beethoven's Fifth Piano Concerto with Volksoper Orchestra. Sun evening: Bach's St John Passion. Next Mon: Petr Altrichter conducts Prague Symphony Orchestra (712 1211)

WASHINGTON

KENNEDY CENTER: Concert Hall Tonight: Jeffrey Tate conducts National Symphony Orchestra in works by Elgar, Mozart and Mendelssohn, with piano soloist Emanuel Ax. Tomorrow: Pinchas Zukerman violin recital. Thurs, Fri, Sat: Tate

conducts Brahms, Schubert, Elgar and Wagner. Sun afternoon: Chicago Sinfonietta plays works by Ravel, Haydn and Ginastera. Mon: The Chieftains (202-467 4600) Opera House Final performances of Washington Opera season are The Cunning Little Vixen tonight, Fri and Sun afternoon, and Turandot tomorrow and Sat. Next week: France Danse Festival (202-467 4600)

THEATRE

● Summer and Smoke: Tennessee Williams' poignant drama, set in pre-First War Mississippi. Opens Fri, till April 18 (Arena Fichandler's 202-488 3300) ● Antigone in New York: Janusz Glowacki's comic update of Sophocles. Till March 28 (Arena Old Vet 202-488 3300) ● Years of Pilgrimage: Doug Grissom's trilogy about black-white relations during the civil rights movement. Till March 28 (Source Theater 202-482 1073) ● Imagine Drowning: Terry Johnson's Gothic thriller, set in a seaside boarding house. Opens tomorrow, till April 11 (Studio Theater 202-332 3300) ● Uncle Vanya: Chekhov's powerful play directed by Christopher Henley for Washington Shakespeare Theater. Opens Fri, till April 10 (Gunston Arts Center 703-739 9886)

JAZZ/CABARET: Blues Alley Jazz Supperclub Tonight: singer Melissa Walker. Tomorrow: till Sat: Angela Bolli. Next week: McCoy Tyner Trio

(1073 Wisconsin Ave, in the alley, 202-337 4141)

ANTWERP

De Vlaamse Opera Tonight, Thurs, Sun afternoon, next Tues: Stefan Soltesz conducts Gilbert Deflo's new production of *Falstaff*, with John Del Carlo in title role (233 6885)

ZURICH

Opernhaus Tomorrow and Sun afternoon: Madama Butterfly with Yoko Watanabe and Francisco Araiza. Thurs and Sat: Il barbiere di Siviglia. Fri: Bernd Bienen's production of *Nutcracker*. Sun evening: ballet mixed bill. March 20: first night of new production of Massenet's *Herodiade* with Carreras and Bumbry (262 0909) Tonhalle Tomorrow and Fri: Mariss Jansons conducts Tonhalle Orchestra in Mahler's Second Symphony, with Sylvia Greenberg and Sarah Walker. Thurs: Edmond de Stoutz conducts Zurich Chamber Orchestra in Mendelssohn, Stravinsky and Sibelius. Sun and Mon: Emerson String Quartet (261 1600) Schauspielhaus Tonight, Fri, Sat, Sun afternoon: The Hostage. Brendan Behan's drama about an IRA safe house where a British soldier is held hostage. Tomorrow, Thurs: Goethe's *Clavigo* (221 2283)

European Cable and Satellite Business TV (All times are Central European Time)

MONDAY TO THURSDAY

Super Channel: European Business Today 0730; 2230

MONDAY

Super Channel: West of Moscow 1230. Super Channel: Financial Times Reports 0630

WEDNESDAY

Super Channel: Financial Times Reports 2130

THURSDAY

Sky News: Financial Times Reports 2030; 0130

FRIDAY

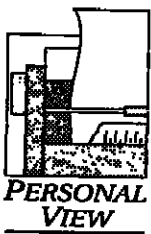
Super Channel: European Business Today 0730; 2230. Sky News: Financial Times Reports 0530

SATURDAY

Super Channel: Financial Times Reports 0930. Sky News: West of Moscow 1130; 2230

SUNDAY

Super Channel: West of Moscow 1830. Super Channel: Financial Times Reports 1900. Sky News: West of Moscow 0230; 0530. Sky News: Financial Times Reports 1330; 2030



PERSONAL VIEW

Norman Lamont will take his ritual stroll through St James's Park and hold his battered Gladstone bag aloft on the steps of Number 11. Then, after telling the House of Commons that "the increases in duty I have just announced will take effect from 8pm today", the chancellor will have enacted a uniquely British ritual for the very last time.

For there will never again be a spring Budget. The political theatre of this year's Budget day - to be displaced by a combined Budget and Autumn Statement next November - offers a perfect opportunity for the British government to re-establish its credibility and authority in the financial sphere, by responding to a nation and to markets positively yearning for a clear sense of direction.

The last six months have been deeply unhappy ones for the cause of conservative economics in Britain. The country's ignominious retreat from the European Exchange Rate Mechanism on September 16 marked yet another failure to establish a long-term framework of economic discipline, and laid Britain open to acute dangers of short-term pragmatism and wishful thinking so reminiscent of the pre-Thatcher past.

Since then, substantial monetary loosening caused by an unplanned devaluation of 20 per cent has been accompanied both by rapid interest rate cuts and by the ballooning of the budget deficit. The one-off opportunity to curb expenditure in the wake of an election victory has almost gone. Optimistic claims about British public-sector finances being hyper-cyclical have been thought to justify the emergence of a Reaganomics-style budget deficit - which the UK's exposed and trade-dependent economy is far less able to sustain than even the US.

People forget that Black Wednesday was not a liberation, but a warning of recurrent weaknesses and of the hazards which still face countries unable to establish monetary discipline as the basis of non-inflationary growth. Black Wednesday proved that our original Thatcher agenda of sound money, fiscal rectitude and supply-side reform had not bitten deep enough to consolidate the reversal of Britain's

The case for conservative economics

By Geoffrey Howe



Fiscal stance: Geoffrey Howe at Number 11 ten years ago

long-term decline. The tragedy is that this had not been secured by earlier entry into the ERM. Black Wednesday was a signal not for "rejoicing" but for renewing our attack on the underlying problems - still rising real earnings, public spending, persistent regulatory obstacles to growth - in a way that will produce enduring improvement.

Consider the figures. The four "wise men" (of the chancellor's chosen seven) who commit themselves to medium-term projections predicate growth at an average of 2.5 per cent over the next four years. Only in the third year do they see the jobless total falling below 3m (no surprise there; but it is a warning against false prophets). They see inflation breaking through the government's 1 to 4 per cent ceiling in 1995, then rising higher still. They expect the PSBR to remain as high as 4.5 per cent of gross domestic product. In 1996-97, even after assuming tax increases of £4bn to £8bn over the next two years.

By 1995, according to the Organisation for Economic Co-operation and Development, government debt will have returned to its 1979 level of 45 per cent of GDP, compared with only 39 per cent in 1990.

Inescapably, we should find ourselves in the immediate run-up to the next election entering another stop-go cycle, with the government forced to slam on the brakes to contain both inflation and borrowing as a matter of urgency.

Since we at least have renewed success against inflation, we must consolidate that gain. Only sustained low inflation will offer a credible basis for growth, and only continuous attention to sound public finances, backed by a formal monetary framework, will allow that low inflation to be made permanent.

In response to these imperatives, the chancellor does need to raise taxes in the forthcoming Budget. First, because we have to start curbing the fiscal deficit now. Second, because market confidence is so low that only action can give credibility to any commitment to put public finances on a firmer footing. Third, because the prime minister could actually be right in claiming that Britain may lead the Community growth league in the year ahead. Even that expectation could be put at risk if the government was to delay the fiscal action that is already needed to avoid a fatal U-turn three years from now.

There is no insuperable difficulty in finding ways to reduce the gap. Start with the radical curbs on public spending or tax subsidies that have so far seemed too difficult: phasing-out of mortgage interest relief or of the lower retirement age for women, for example; or making a reality of the promise to mobilise private finance for infrastructure projects. Then, look for ways of reforming the tax system so as to generate substantial new revenues: broadening the VAT base at a lower rate; higher green taxes; employees' national insurance contributions - a higher rate or higher up the income scale or both.

Spread sensibly, such actions can be rendered acceptable and presented positively. They could, and should, be coupled with measures directed mainly at the labour market, and designed to make as quick and as credible an impact on the dole queue as possible; one can suggest revived, refurbished or extended versions of the Community Programme, the Enterprise Allowance or the Business Expansion Scheme.

President Clinton has courageously blazed the trail of deficit reduction, to unexpected popular acclaim. A similarly hard-headed attempt by the British government to explain and address the real problems of our economy is more likely to reap political reward than playing to the gallery and hoping for the best. Displaying the courage of one's convictions worked before. It can work again.

The Maastricht miasma which Euro-phobes have imposed upon the Conservative party is sapping the will to face problems, to provide the leadership so urgently necessary. The greatest service the chancellor can perform for his country is to do what is right, not what is popular.

So far from "snuffing out" the incipient recovery, the kind that I have suggested should complement the substantial monetary easing that has already occurred. Just as my 1981 Budget was able to do, it would offer the best prospect of sustained recovery over the longer term.

The coming Budget should be used to restore the centrality of conservative economics to the economic policy of the Conservative government. For so long as we are absent from the ERM, we have to summon up our own determined commitment to virtue. Lord Howe of Aberavon was chancellor from 1979-83 and foreign secretary from 1983-89.



Make-believe time is here again. Just imagine. Everything is about to come right for the British government. A grateful nation will shortly be singing the praises of Mr John Major, his cabinet, even his chancellor. It is a charming fancy. If you get drunk, stand on your head, shut your eyes and picture the fairies at the bottom of the garden you might wake up believing it.

The case for such a touching exercise of faith is deceptively strong. The political scenery is shifting. Winter is nearly over. Doom and gloom, those unwelcome guests whom the prime minister seeks to evict, always arrive with the cold and the dark. They usually leave when the days get longer and warmer. The recession is coming to an end; spirits will rise as the inevitable upswing begins. Sales of new houses and cars seem to be picking up. As we are frequently reminded by No 10 Downing Street, interest rates are at their lowest since the prime minister was a lad. The annual rate of inflation is comfortably under 2 per cent.

There is more. Wage-cost pressures are becoming insignificant. The CBI says that pay settlements have fallen to their lowest level for 15 years. The Institute of Directors says that half the chairman and chief executives who answered its latest questionnaire confess to a feeling of optimism. The equivalent figure in the depths of winter was 38 per cent. On the stock exchange the Footsie index o'leaps itself every other day, while brokers confidently predict a bull market in government bonds. The explanation may be foreign buyers, or leads given by Tokyo or the Dow, but the effect is the same.

That wonderful resurgent feeling is entering the nation's bloodstream, and it isn't only spring fever.

If past performance is any guide, the initial reaction to the forthcoming budget will be that the government is onto a winner. When Mr Norman Lamont sits down next Tuesday afternoon he may even be cheered by the benches behind him. This happens with most chancellors, in most years. Second thoughts come later. Mr Lamont is clearly aware of this. He is soliciting post-budget social engagements all over town. He must feel that he has something to sell. Himself? That is the cynic's answer.

A less narrow interpretation is that he is under orders to restore confidence.

This sounds right. It will, after all, be Mr Major's budget. The official advice that goes to Mr Lamont also goes to the prime minister, who was the man in charge when Sir Terry Burns was made head of the Treasury. The present chancellor is allowed to make small decisions on his own. The fiscal stance, the thrust of the budget, is the prime minister's to determine. The pair of them know that the holders of their two offices sink or swim together. Mr Nigel Lawson jumped overboard, and soon afterwards Mrs Margaret Thatcher also went under. No Conservative minister has forgotten the lesson of those events. Mr Major is determined to be more of a hands-on manager of the economy than his predecessor, Mr Lamont is not in a position to demur.

It is at this point in the optimist's daydream that the bill to ratify the Maastricht treaty comes in to burst the bubble. It need not be so. We may brush aside the treaty's regular escapes from extinction in parliament. These have become a bore for all save the few dozen fanatics who glory beneath the banner of Euro-scepticism. Assume, as most ministers do, that sometime in the summer - near the end? - the bill is passed. Over and done with. Behind us. Printed, signed by the Queen, and forgotten. Combine that happy anticipation with the expected glad tidings on the economy and you are ready to accept that quite soon we will witness the miraculous rehabilitation of a government whose authority was drained away on Black Wednesday.

Reality is an awkward devil. It will insist on breaking into such fanciful meanderings. Reality tells us that the divisions in the Conservative party have become so bitter, so deep, that they will not heal, not even when the recovery is well under way and the Maastricht treaty has been ratified. For Mr Major is not merely saddled with a small majority. He aspires to run a traditional British-style elective dictatorship on the strength of a coalition of Conservatives and Sometimes-Conservatives. This would not be remarkable in Germany, the Netherlands, Belgium, Denmark or other continental democracies in which coalition-building is the norm. In Britain it is so extraordinary that nobody quite realises what is happening.

The strength of the Sometimes-Conservatives has to be gauged whenever an important

proposal is put before the Commons. Their presence is such a threat to the government that other possible allies, such as the Ulster Unionists or even, in extremis, the Liberal Democrats, are kept sweet. This affects everything. Question: how much pressure should be put on the Unionists in Belfast in response to the Dublin government's recent peace overtures? Answer: it depends on what the government may need to ask of the Unionists in the Commons. Should the pension age be equalised for men and women? Not if it seems to have been demanded by the Europeans (although if Mr Peter Lilley, a known Euro-sceptic, is to make the announcement, perhaps the Sometimes-Conservatives will accept it). How many coal-mines will be closed? Answer: how many S-C's will vote for whatever number is proffered? There is another reason why the restoration of the government's fortunes is likely to be a long and painful process. People are aware that the end of the recession has been brought forward by the forced abandonment of a managed exchange rate - something that, a week before it happened, the prime minister and the chancellor told us would be the height of irresponsibility. To claim credit for the beneficial results of that failure is pretty cheeky. While unemployment remains so high, and the fear of it reaches into nearly every home, such a claim will sound hollow.

Voters can see that we have a weak government, led by a prime minister who is the prisoner, not the master, of his destiny. That was true in the darkest days of winter, and it will be just as true in bright midsummer. Never mind. Government matters less than you think. Most of us, most of the time, can manage very well without it.

Mr Major aspires to run a traditional British-style elective dictatorship on the strength of a coalition

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Industrial comparison selective

From Mr Andrew Mitchell.

Sir, In criticising the "tub-thumping" of the manufacturing lobby, Tony Thomson of Bankers' Trust Investment Management (Letters, March 5) offers a rather selective argument. To reassure us that things are not as bad as they seem, he compares the UK's manufacturing performance to that of other English-speaking countries, with France thrown in as the token "other".

Unfortunately, our Anglophone friends share the UK's dismal record on manufacturing investment and boom-bust economic growth, as well as (no coincidence this) our rentier culture and an over-developed stock market. His accusation that British manufacturing industry was historically "over-manned and under-managed", also comes rich from a representative of the securities business.

Those in glass houses, Mr Thomson. Andrew Mitchell, 56 Esmond Road, London, W4 1JF

Control culture can avert risks of derivatives trading

From Mr John Tattersall.

Sir, Sir David Walker's contribution to the debate on the regulation of derivatives ("Derivatives: a delicate balance", March 4) is most welcome. While the control of derivatives trading operations is rightfully a principal concern of the management of financial institutions and their regulators and supervisors, the size of the off-balance sheet commitments involved can easily lead to a distorted view of the real risks.

We would suggest one additional principle be added to Sir David's five principles of a viable approach to regulation of derivatives trading: namely, the development in financial institutions of a flexible and dynamic control culture.

While the specification of capital requirements for such institutions is important, it is only the exercise of effective control by management over derivatives traders which will ensure that serious problems are avoided. Such controls

should include recruitment procedures which ensure that dealers are of the highest integrity; proper incentives for dealers to encourage them to achieve all of the corporate objectives, not just short-term profitability; and regular training. There should also be other forms of corporate communication to make sure that they know what those corporate goals are; competent independent checks on their trading strategies and valuations; and internal controls over the transactions. These must be backed up by a high quality of on-site management in the dealing room.

In our experience institutions which have successfully established an effective control culture are far less exposed to many of the potential problems in derivatives trading.

John Tattersall, head of business controls assessment practice, Coopers & Lybrand, Plumtree Court, London EC4V 4HT

Shopping for a better relationship

From Ms Catherine Griffiths.

Sir, "One-stop shops" make good sense and could provide a welcome simplification of the current plethora of government initiatives. If as David Grayson writes (Personal View, March 1), "the opportunity of the century" is not wasted, small and medium-sized businesses (SMEs) do not need another specialised office giving directions to other government departments. They need one centre that can provide solid, reliable and practical advice about a range of business, financial and technological issues, as well as access to expertise both within government and the private sector. Modelling one-stop shops on the existing, effective citizens advice bureau network would provide a means of achieving this.

Given that some banks also find this "corporate advice bureau" idea attractive, the one-stop shops might then achieve even stronger long-term relationships between banks and SMEs. Catherine Griffiths, research fellow, Kobler Unit, Imperial College, London SW7

Game's up

From Mr Christopher Joubert.

Your economics correspondent is incorrect ("Wise man" attacks wisdom of fellow economists", March 6) in his judgement that "the authority of the government's new panel of economic advisers... has been thrown into doubt... by Professor Tim Congdon".

It was thrown into doubt in the first place by the appointment of two ultra-monetarists to the panel. The Treasury cannot be pleased now that Mr Congdon, displaying a political touch equal to his grasp of economics, has given the game away.

Christopher Joubert, 48 Haydon Park Road, Wimbledon, London SW19 5JY

Tax relief plea for head offices

From Mr D J Murby.

Sir, It is quite proper for multinational companies to review their HQ operations to determine:

- whether the cost is really necessary and adds value;
- whether the function should be delegated to an operating entity.

However, if at the conclusion of the review the function and expenditure are retained at the centre, in what jurisdiction does the multinational company obtain a tax deduction for the expense?

An interesting article, ("The myth of the bloated head office", March 5) Christopher Lorenz does not mention that most multinational companies

have difficulty in obtaining a tax deduction for centrally incurred costs which benefit not only the parent company but also many of the operating subsidiaries. Failure to obtain a tax deduction for the expense considerably increases the net costs of an HQ function. A gross-up factor of only 33 per cent, using the UK corporate tax rate which is lower than most, is not an inconsiderable added cost!

It is high time that Revenue authorities recognised that a cost incurred on revenue account ought to be deductible somewhere.

D J Murby, 1 Surrey Street, London WC2R 2PS

In charming company

From Chris Jones.

Sir, I can't see how Brian McNamara (Letters, March 2) can possibly object to the FT calling Brian Mulroney an "Irish charmer". A stereotype it may be, but the example of other Irish politicians from around the world - Ulster's Ian Paisley, Australia's Paul Keating, the late Robert "Piggy" Muldoon of New Zealand - surely testify to its validity.

Chris Jones, 58 Orange Street, St Albans, Hertfordshire

Treatment of contaminated land needs a planned approach

From Mr Michael J Chambers.

Sir, Your leader (Polluted land, March 4) accurately summed up the current debate on contaminated land but may have given a misleading impression of the position of the Royal Institution of Chartered Surveyors. The RICS has not, as you suggest, argued that the seller of a property should be responsible for demonstrating that the land under offer is free from contamination. That approach has been tried in parts of the US and found wanting.

Our proposal is for a planning-based approach to contamination. We want to see a land quality statement, based on a site investigation, become an integral part of a planning application. This would mean that any contamination present on a site would be identified - and could then be dealt with - whenever significant development or a change of use took place.

We accept the point you make that this is not the entire solution to the problem of contamination. But there is no one solution. A range of measures is needed. There is already a

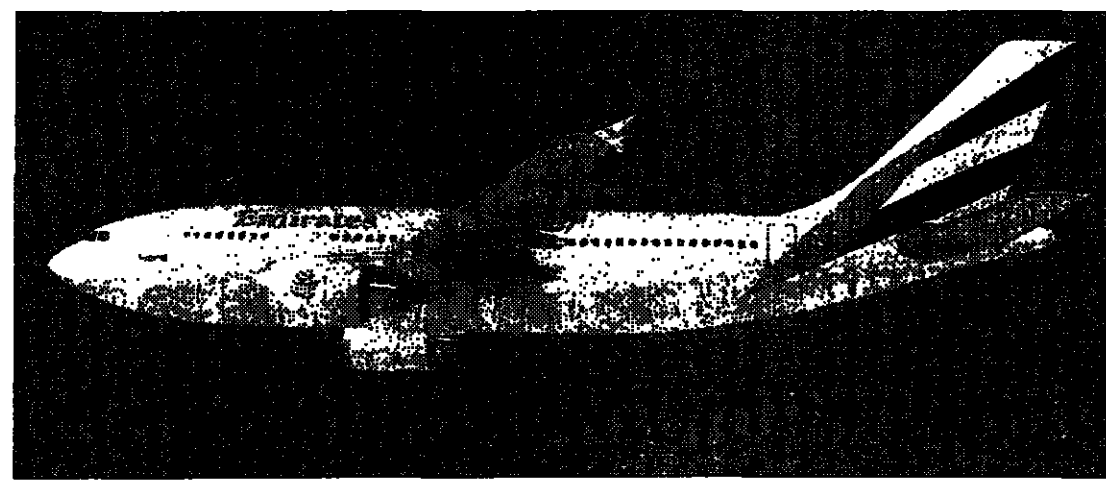
mass of legislation on the statute book to combat contamination that poses a threat to public health. That needs to be used more often. There is also a need for greater assistance from government to help with the very high costs of treating the worst cases of pollution.

We have sympathy with your suggestion of pressing councils to identify land that is badly contaminated. The problem is that such an approach can only work if local authorities have the resources to carry out any site investigations that may be necessary and there is

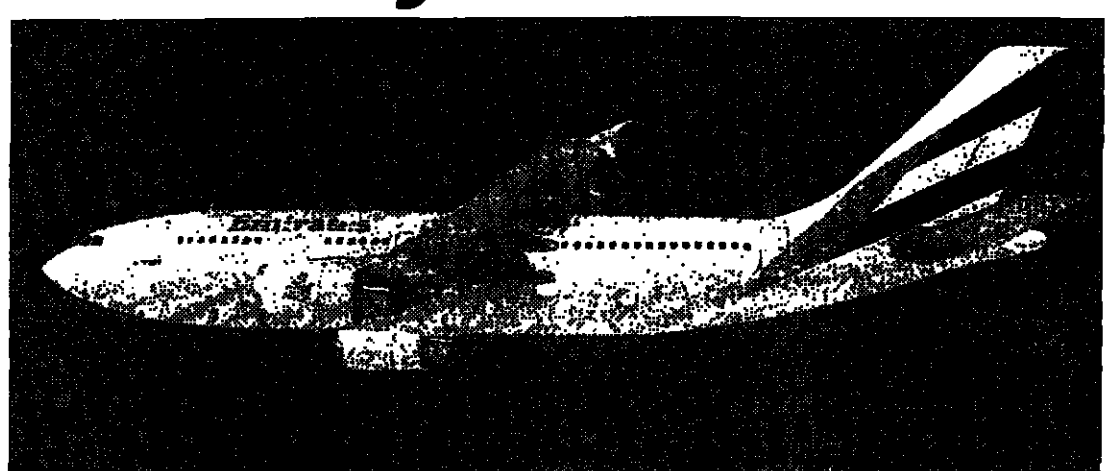
a mechanism in place for rehabilitating sites where serious contamination is found.

One thing is clear whatever the government announces: the whole of the property world, as well as business lenders, insurers and others, now accepts that contamination of land is an issue which is not going to go away.

Michael J Chambers, director of public affairs, Royal Institution of Chartered Surveyors, 12 Great George Street, Parliament Square, London SW1P 3AD



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FINANCIAL TIMES

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Tuesday March 9 1993

A system on trial

ONE CLEAR lesson has so far emerged from the contagion of corruption currently being exposed in Italy: the disease in the country's body politic runs so deep that none of the physicians in attendance can offer a satisfactory course of treatment, let alone a viable cure. Not the magistracy, which has been busily accusing and incarcerating politicians, officials and businessmen in recent weeks. Not the parliament, more and more of whose members are being caught in the net. And certainly not the government of Mr Giuliano Amato, which last Friday proposed a "political solution" to the crisis, only to be accused all round of seeking to protect the guilty from justice.

The affair has brought the Italian ruling class into disrepute, the government to the brink of collapse, and the country's public works to a virtual standstill. But it would be hard to pretend that anything resembling justice is yet being done. Many of the accused are being held in jail without charge, and the allegations against them are being treated as a presumption of guilt.

Moreover, there is no chance of any of them being brought speedily to trial. Italy's judicial system is notoriously slow and inefficient: cases regularly take six to 10 years to grind through the courts. Endless litigation will scarcely hasten the reform and strengthening of Italian politics and society: instead there is a danger that the country's political establishment will be decapitated and its institutions paralysed at a time of maximum public ferment.

In view of this, it is understandable that the politicians have been fumbling for a "political solution".

Rail in London

HAS RECESSION taken the pressure off central London's creaking public transport system? Try asking commuters on the Central Line, London Underground's main east-west link across the capital. Even at today's reduced passenger levels, peak-hour loadings are 45 per cent above the levels for which the line was designed. Yet the Treasury is now questioning the need for the planned 250m Crossrail scheme, a new east-west rail line due to open around the turn of the century.

Crossrail would bring big benefits to central London. By providing a link between British Rail's Liverpool Street and Paddington stations, it would enable suburban trains to run straight through central London stopping at stations in the West End and the City on the way. Many commuters could then reach their destinations without changing to the Underground, so saving time and reducing pressure on the Central Line.

Questioning such a project looks perverse at a time when London Underground is poised to embark on a £1.5bn extension of the Jubilee Line to the Docklands development area. Like Crossrail, the Jubilee Line extension was approved before recession set in.

Coal mountains

THE CURRENT "solution" to the pit crisis being discussed in British government circles would involve paying miners to produce coal nobody wants and then stockpiling it. The only merit in this suggestion - with its echoes of European Community wine lakes and butter mountains - is that it might bring home the absurdity of further rigging the energy sector.

When the government announced 31 pit closures last October, there was an outcry led by a number of backbench Tory MPs. Many were attached to the idea that, if only British Coal was given more time to cut costs, the threatened pits could have a viable long-term future. But, as the months have passed, it has become clear that few, if any, can be made viable without imposing huge costs on the economy.

There may be a case for producing an extra 40m or so tonnes of coal over five years, which could save about six pits - though strike threats undermine the case by making coal supplies seem more insecure. If the price of coal were reduced to world market levels by subsidies, at a cost of perhaps £300m over the period, the electricity generators would buy the extra coal instead of imported coal. The hope is that productivity could then be improved and a subsidy would not be needed.

The snag with keeping open any more of the threatened pits is that the coal has no guaranteed market. Hence the stockpiling idea, which could save another five pits, the minimum number the government thinks necessary to win over backbench dissidents.

But the marginal cost of saving an extra five pits would be huge. Not only would the coal have to be

A US maker of vacuum cleaners moves production from Dijon to Glasgow. A Swiss chocolate maker does the reverse. A US computer giant shuts a plant in Galway. Another builds one in Barcelona. The industrial map of Europe is being redrawn, some say for the next 30 years. Political passions run high and nations abuse each other. But who is actually winning?

There are different pressures at work. The most obvious is the European recession, the worst for a decade. Others have nothing to do with the economic cycle. The single market is forcing companies to rationalise production. The opening of eastern Europe offers cheap labour and makes Germany more central than before. The continuing shift in working methods sets a premium on skilled and flexible workers.

Mr David Rees, a location specialist with Ernst & Young, the accountancy firm, says: "Ten years ago, the key factor for a manufacturing plant was the size of the national market. Now it's a question of the European market, or at least the northern or southern European market. Previously, companies might make products in three countries to cater for national standards and tastes. Now, the point is that economies of scale can actually be achieved."

Service functions are being rationalised as well. "Companies are increasingly looking to putting things like customer care in one centre for Europe. One US white goods manufacturer is doing that right now. Another US company has its accounting function in seven countries and is putting it into one," says Mr Rees.

And manufacturing techniques are changing. Mr Jonathan Wilnot, an economist with Credit Suisse First Boston, says: "The reason the issue gets so emotive is that, if you look at new technologies such as lean production, the whole spirit is based on continuous innovation, in which managers use the workforce as part of the process on the Japanese model. If people are prepared to do whatever job comes, that makes a huge difference on the location decision."

These various pressures can work in opposing directions. The point can be simply illustrated in the case of the UK. Hoover's decision to close its Dijon plant and put all its production of vacuum cleaners in Scotland caused uproar in France last month. And the Hoover case is far from unique.

Bowater, the UK-based packaging group, recently shifted production of some of its cosmetic packaging to the UK from France and Italy. The company has calculated national ratios for average employment costs at its plants, from managing director down to apprentice. If the UK is 100, says Mr Michael Hartnall,

Footloose across Europe's frontiers

Recession and the single market are prompting industry to reorganise and relocate, writes Tony Jackson

Investment on the move

Direct investment flows in EC				
\$ million	1988	1989	1991	1992
			Jan-Jun	Jan-Jun
Belgium/Luxembourg	6,731	8,162	-	-
Denmark	1,084	1,207	1,469	547
France	9,552	9,231	11,109	5,849
Germany	6,997	2,313	2,200	1,474
Greece	752	1,005	-	-
Ireland	85	99	-	-
Italy	2,529	6,316	2,542	1,226
Netherlands	6,772	8,234	3,700	1,069
Portugal	1,740	2,133	2,022	-
Spain	8,433	13,681	11,100	4,198
UK	28,043	33,804	21,100	13,696
Source: OECD				9,694

Bowater's finance director, Italy is 130, France 140 and Germany 170.

DM, the Birmingham-based engineering company, last year switched production of drinks dispensing machines from Germany to the UK. Mr Gary Allen, managing director, says: "Even before sterling devalued, the UK was a very good place to invest relative to continental Europe. It has a very co-operative and flexible workforce. While we have to consult, we can make changes based on management decisions much faster than elsewhere. The social costs are significantly lower in the UK as well."

But there are pressures the other way. Mr Rees says: "Our strengths are the English language, very good telecommunications and air communications. But the problem is the UK's image as a poor European. I can think of six or eight companies now headquartered in the UK which are moving out, and that's one of the reasons. I think it's doing us a serious amount of harm."

This might seem at odds with the fact that the UK has taken the lion's share of inward investment

into Europe in recent years, whether from Japanese carmakers or US computer companies. But that, says Mr Rees, might now prove a handicap.

"In the case of Japan, there is a sense of gentle political pressure from MIT [the Ministry of International Trade and Industry] on Japanese companies not to favour Britain as much as in the past. In terms of Japanese-EC relations, that also follows from the image of the UK as a poor European. And while the UK has the advantage of language for a first location, there is a tendency to be a bit bolder the next time."

Similar conflicting pressures can be seen in the case of Germany. Mr David Barnes, chief executive of Zeneca, the drugs and agrochemicals company about to be floated off from ICI, lists some drawbacks.

"If you're looking at building a new plant, the time taken for planning approval matters a lot. The Germans have got terribly bureau-

cratic, and that could start to work against them. You want a system which gives you a yes or no fairly fast. And I wouldn't put any product into German manufacture now involving any kind of genetic engineering. Hoechst has had an insulin plant ready for five years, and hasn't been allowed to operate it because of delays and appeals from the green movement."

Some German companies, at least, see it slightly differently. Mr Volker Jung, a director of electronics group Siemens, says: "Even though it will be more and more difficult to manufacture in Germany, I have to admit it has many advantages. The labour force is experienced, Germany is central to Europe, and there are many products where automation is so far advanced that labour is not an important issue any more."

One country that is emerging as a winner is France, partly because of increased efforts by the French authorities to attract inward investment. Mr Rees of Ernst & Young says: "I believe France ought to be doing best, even if the noise they're

making over Hoover may not help. France is dearer than Spain, but it's towards the lower end of the range. And it's a big country, with lots of good sites."

This seems borne out by the statistics. The Organisation for Economic Co-operation and Development has just published figures for inward investment in the first half of 1992. While investment in the UK fell almost 30 per cent from the year before and in Germany rose by just 7 per cent, in France it rose 31 per cent. For the first time, says the OECD, foreign direct investment in France is bigger than French investment abroad.

But in one sense, generalising about countries is to miss the point. For many industries, the choice on location is not to do with them. Mr Wilfried Vossen of Plant Location International, a Brussels-based consultant, says: "There is more difference between French regions like the Ile de France and Lorraine, or between Dutch regions like North Holland and Amsterdam, than there is between Amsterdam and the Ile de France."

The point is borne out by Mr Hartnall of Bowater. When the company switched production to the UK, he says, "we did it from the north of Italy and the Paris area to Portsmouth, which is cheap. If it had been the south of Italy instead of the north, or the M4 corridor instead of Portsmouth, it might have been different."

And as Mr Jung of Siemens remarks, a lot of purchasing decisions are political. "Don't forget that all politics are local politics. Politicians will always find a way not to buy non-local products. For a guy seeking election in northern Spain, Hamburg is outside, whatever the EC says."

But if there are factors working against rationalisation within Europe, there are wider issues which go beyond Europe altogether. "Bear in mind," says Mr Allen of DM, "that we're up against Japanese competition. The overlay to all this is whether we should be making things in the Far East or the US."

Mr Jung puts the point more strongly. "The real question for me is where production will be 10 years from now in world terms. The answer is east Asia, especially greater China - Hong Kong, Taiwan and mainland China. There you have the market plus low labour costs. Growth there will be much greater than in Europe, in terms not just of production but of product development."

But there will be enough upheaval in Europe to be getting on with. As Mr Wilnot of Credit Suisse First Boston puts it: "The single market story is overlapping with the changing work methods story. The point is that no one knows what the end result will look like. That's political dynamite."

Quentin Peel on the message of protest from voters in the German state of Hesse

Snub to the establishment

Mr Björn Engholm, the pipe-smoking intellectual who heads Germany's opposition Social Democrats, is prone at the best of times to more than a touch of pessimism.

Yesterday he had good reason to be miserable. His party, which should be riding high in popular esteem, as the ruling coalition, headed by Chancellor Helmut Kohl's Christian Democrats, totters into a deepening economic recession, had just received a terrible snub from the voters of the prosperous west German state of Hesse.

And it looked as if the prime beneficiaries were the far-right, racist Republicans, a party of neo-Nazi inclinations which has so far remained just on the right side of the law.

In local elections for all the city, town and local authorities of the state, including the gleaming business and banking centre of Frankfurt, the SPD suffered an 8.4 per cent slump in its vote, down from 44.8 to 36.4 per cent since the last local poll in 1989.

Mr Kohl's Christian Democrats

did little better: from a disastrous low of 34.3 per cent back in 1989, the party lost a further 2.3 per cent.

As for the Free Democrats, the junior partner in the Bonn government, they only managed a paltry 5.1 per cent of the votes.

It was a resounding snub for the entire political establishment in Bonn. And yesterday it unleashed a predictable round of soul-searching and bickering in the capital.

The winners were all on the extremes: not merely the far-right Republicans; also the left-wing environmentalists; Greens; and the biggest party of all, the non-voters.

The Republicans, who only stood in two small council districts at the last elections in 1989, managed to grab 8.3 per cent of the poll overall. In Frankfurt city, with the largest immigrant population in the country (roughly 26 per cent), they won 9.5 per cent of the votes, and in one of the most depressed inner-city areas, no less than 14 per cent.

As for the Greens, the minority

partner in the Hesse government with the SPD, they also benefited significantly from the mood of disillusionment with the political establishment, pushing up their share of the vote from 9.1 to 11 per cent.

The turnout was down by 6.7 per cent, from 78 to 71.3 per cent: a result which would have delighted local election officials in other European countries, but which is regarded with gloom in Germany.

The same mood of despair has been true across the political spectrum of political comment, with the notable exception of the unflappable Chancellor Kohl.

Mr Engholm was in little doubt about the meaning of the vote: "This result is an expression of a deep crisis of confidence towards the two great popular parties," he said, referring to his own SPD and Mr Kohl's CDU.

"We must ask what future, and in what circumstances, the two big parties will have."

He even went so far as to express concern - "not a little concern, but

great concern" - over the stability of the German democratic state.

Across the road at the CDU headquarters, the chancellor was more sanguine. He reminded his audience that they had all cried doom in 1989, and yet he had come back to win the unification election in 1990, and he restated his absolute conviction that the far-right Republicans will not win a single seat in the German Bundestag when it comes to the national elections next year.

Given the international reaction of horror to the slightest hint of a revival of nationalism and neo-Nazism, as well as the domestic soul-searching, how can Mr Kohl be so cool?

He may be wrong, but there are indications that the right-wing revival has peaked. In neighbouring Baden-Württemberg last April, the Republicans shocked the establishment by polling no less than 10.9 per cent across the state.

They might have been expected to do even better in Frankfurt with its

high immigrant population. The National Democratic party (NPD), the Republicans' predecessor as standard-bearer of the far right, already polled 6.6 per cent in Frankfurt in 1989, before the latest wave of immigration was under way. Today the NPD has faded to an insignificant rump. The Republicans themselves have seen their support drop sharply in the past three months, as tens of thousands of Germans have demonstrated against attacks on foreigners.

The fear of the political establishment with regard to the Republicans, headed by Mr Franz Schönhuber, a former SS officer, is that they may succeed in making themselves *salonfähig* or, roughly translated, "house-trained". Then it may become acceptable for more disgruntled electors to vote for them.

In the meantime, however, they are a symptom of protest against the creaking consensus politics of Bonn, against rising unemployment, the inadequacy of housing, and the pressures of immigration on west Germany's prosperous lifestyle. They are not yet a coherent political movement.

Publish and be wary

■ No translator would presumably dare tone down the attack on Maastricht made by former Bundesbank board member Wilhelm Nölling in the text of his book just out in Germany. But it looks as though Macmillan will bowdlerise the title when it publishes the English version.

In German the combative tone is called *Unser Geld* (Our Money), and subtitled "The struggle for currency stability in Europe". In it Nölling lambasts politicians for cobbling together a fundamentally flawed treaty, claiming that the injection of a single currency will infect Europe with instability.

Best leave European monetary policy to the Bundesbank, he suggests, adding that Germany should keep the D-Mark.

Nölling, a member of the Social Democrat party, made a name for himself as one of the most fiery members of the Bundesbank's council. After fiercely criticising Chancellor Kohl's policies on monetary unification with eastern Germany and over the Maastricht treaty, he left at the end of last year to pursue academic and publishing interests.

So why is Macmillan wet-blanking Nölling's exposé under the yawn-inducing title "Monetary policy in Europe after Maastricht"? "We don't talk about

money in quite the same way here," sniffs editor Belinda Holdsworth. Her rivals at Heinemann have no such qualms. When the FT's David Marsh penned his Bundesbank tome, he had to tone down Heinemann's suggested title - from "The Bank that rules the world" to "The Bank that rules Europe".

Goodnight

■ Today's soups on the board at a Southwark coffee shop: "1. Home-made broccoli and veg. 2. Home-made fresh chopped mushroom with assorted veg. 3. Lentil and veg. 4. Irene burnt it - sorry people."

Honour-bound

■ There is one bit of good news for the government amid the continuing economic gloom, the problems with the coal industry and the setbacks over ratifying the Maastricht treaty. The prime minister's brainwave of turning the honours system into a DIY venture seems to be a roaring success with the punters.

Only four days after the announcement and over 1,000 requests for application forms have been received. This has resulted in a 20 per cent increase in the team vetting the applications.

But although throwing open the honours system to all-comers may seem a brilliant political ploy by

OBSERVER



"In my day we had to make our own violence"

a prime minister with the common touch, it is bound to lead to widespread disappointment since the number of honours available is likely to remain the same despite the increased demand.

Fortunately for the government, the let-down will not happen until the 1994 new year honours list, by which time it may be offset by the arrival of economic recovery.

Classless society

■ Meanwhile, at least the great British public will not need to volunteer recipients for the Military Medal since its demise is imminent.

Not exactly popular at the time it was introduced, the honour awarded to "other ranks" for conspicuous bravery is hardly likely to be mourned now.

In his book *Old Soldiers Never Die* published in 1933, Frank Richards, a British soldier who fought throughout the first world war, wrote about the class divisions which existed even in battle:

"In the spring of 1916 another decoration was introduced, called the Military Medal. There were no grants or allowances with the Military Medal, which without a shadow of a doubt had been introduced to save awarding too many Distinguished Conduct Medals. With the DCM went a money-grant of £20, and a man in receipt of a life pension who had won the DCM was entitled to an extra sixpence a day on his pension. After the new decoration was introduced, for every DCM awarded there were 50 MMs. The old regular soldiers thought very little of the new decoration."

In the family

■ Whatever else the indebted First National Finance Corporation may lack, it is not short of bankers on its board of directors. Martin Mays-Smith, who took over as chairman a year ago, is an ex-Kleinwort Benson man, Tim Ingram, the new finance director, is a career banker, and three of FNFC's four non-executive directors

are bankers.

Indeed, whenever there is a vacancy on its board, FNFC's knee-jerk reaction seems to be to add another banker. George Cracknell, 58, deputy managing director of Barclays' banking division, is the latest recruit.

He takes over from Roy Vine, a former vice chairman of Barclays Bank UK, who had been a FNFC director for 11 years. Vine was the man who conducted the post mortem on what went wrong with Barclays' lending in the previous recession. Will Cracknell get the job this time?

Deaf ear

■ Still on the subject of Barclays. Guess who was its chief economic adviser during the period when it was piling on the property loans which are now causing so much anguish?

Professor Alan Budd, the chief economic adviser to the Treasury and head of the government economic service, since September 1991.

Man overboard

■ And who was the joker in charge of the chancellor of the exchequer's timetable when it was decided that next week's Budget day should coincide with The Royal National Lifeboat Institution's "Lifeboat day"?

World Weather		°C °F		°C °F		°C °F		°C °F		°C °F		°C °F									
		Boulogne	8	10	Frankfurt	S	5	41	Malpaga	S	17	63	Oporto	F	14	57	Tenerife	F	19	66	
		Brussels	8	46	Garmes	S	5	41	Malaga	F	20	68	Oslo	F	4	39	Tel Aviv	F	7	45	
		Budapest	9	48	Glasgow	S	18	64	Manila	S	13	55	Paris	S	13	55	Tokyo	S	13	55	
		Buenos Aires	8	46	Glasgow	S	5	41	Manila	S	13	55	Prague	F	1	34	Tunis	C	13	55	
		Calcutta	8	46	Heidelberg	C	-2	28	Mombasa	C	19	65	Reykjavik	Sn	-1	30	Valencia	S	16	61	
		Cairo	8	46	Hong Kong	C	19	64	Munich	F	13	55	Roskilde	F	-3	25	Vancouver	F	7	45	
		Cape Town	8	46	Interurb	F	1	34	Neapel	C	18	64	Rio d'Janeiro	F	-1	30	Vienne	C	13	55	
		Cheng-tu	C	17	63	Inverness	C	10	50	Nassau	F	4	45	Rome	S	10	50	Warsaw	S	-1	30
		Chong-tu	F	13	Interurb	C	0	32	Moscow	C	-9	16	Saltburg	F	-1	30	Winnipeg	F	5	37	
		Cologne	8	43	Interurb	F	2	36	Moscow	S	-3	27	St-Francisco	F	11	52	Zurich	S	3	37	
		Copenhagen	C	2	36	Johnsburg	F	0	32	Seoul	S	9	48	Temperatures at midday yesterday							
		Cork	10	50	Johnsburg	F	24	75	Stockholm	F	7	45	London GMT temperatures								
		Dallas	1	34	London	S	18	64	Stockholm	F	1	34	C-Cloudy D-Hazy								
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INTERNATIONAL COMPANIES AND FINANCE

Alusuisse-Lonza advances to SFr121m for year

By Ian Rodger in Zurich

ALUSUISSE-LONZA, the Swiss aluminium, packaging and chemicals group, said its net profit jumped 19.3 per cent in 1992 to SFr121m (\$78.2m), due to large margin gains in its chemical and packaging businesses.

Sales rose only 3.4 per cent to SFr6.5bn, but the group benefited from specialising in fine chemicals and environmentally friendly packaging systems.

The directors said in the annual report that this result, after a 63 per cent slump in profits last year, was "satisfactory". It proved the merit of the strategy to restructure its businesses to reduce their vulnerability to economic cycles.

Operating profits were up 19 per cent to SFr350m, with packaging profits soaring 51 per cent to SFr127m and chemicals profits advancing 27 per cent to SFr142m. Profits on aluminium businesses, on the other hand, fell 13.5 per cent to SFr83m.

In January, the group announced the closure of its last remaining aluminium smelter in Switzerland. Closure costs for this and other restructuring measures jumped by over one-third to SFr97m.

The directors said that the strains being felt by other companies in the chemical and packaging sectors in the current recession might throw up further acquisition opportunities for the group.

Elektrowatt, the Swiss electric utilities and engineering group, said its net profit in the year to September 30 1992 fell 19 per cent to SFr170m.

Sales were up 1.6 per cent to SFr4.61bn, but profits were hit by the impact of the recession in the building industry and in avionics.

Operating profit of Moor, the electrical components subsidiary, dropped 8.1 per cent to SFr192m and the group set an extraordinary SFr22m charge for restructuring it.

Mr Adolf Gugler, chief executive, said he expected a higher profit in the current year. He also said the group intended to change its participation certificates into bearer shares and split the shares.

Currency crisis takes its toll on Legrand

By Alice Rawsthorn in Paris

LEGRAND, the electrical equipment group which has traditionally been seen as one of the most resilient French industrial companies, saw net profits fall by 6.5 per cent to FF657m (\$116.23m) in 1992 from FF703m in 1991.

The group's main problem last year was the strength of the franc following the September currency crisis which took a toll on its income from outside France.

Legrand last year performed slightly below the expectations of analysts, who had been forecasting a slight improvement for the group in 1992.

Legrand, which has maintained its dividend at FF57.50 for ordinary shares and FF92 for "privileged" shares, said it was well-placed to withstand another difficult year. "Everything is in place so that we can cope with the deterioration in the economic environment without jeopardising our plans for the future," it said.

The group, which is involved in both the production and distribution of electrical equipment, managed to increase turnover by 3 per cent (just ahead of French inflation) to FF10.25bn from FF9.95bn in 1991.

However, Legrand estimated that its "lost" FF100m in net profits last year because of currency fluctuations in the final quarter and exceptional financial costs.

Write-downs hit Uni Storebrand

By Karen Fossli in Oslo

UNI STOREBRAND, the Norwegian insurer, yesterday revealed a big loss in 1992 due to a Nkr2.63bn (\$373m) write-down on the group's 28 per cent stake in Skandia Forsakrings, Sweden's biggest insurer.

Uni reported a consolidated pre-tax loss of Nkr3.38bn against a profit of Nkr471m in 1991. Last August, Uni collapsed into the hands of public administrators after failing to service Nkr3.6bn in short-term debt accrued to finance a failed raid on Skandia.

Uni said it would strive to dispose of the Nkr4.7bn Skandia stake as soon as possible.

Group net operating income rose slightly last year to Nkr20.48bn from Nkr19.54bn as operating costs remained largely the same at Nkr4.07bn. Mr Per Terje Vold, chief executive, said that, considering the difficult times which the group had experienced, the results achieved by the life and non-life divisions were acceptable.

"We are pleased to note that the results of the life and non-life insurance companies improved significantly during the last four months of the year," Mr Vold said.

The life insurance division lifted premium income by Nkr90m to Nkr4.74bn in 1992, but investment income fell by Nkr387m to Nkr4.99bn. Operating profit rose to Nkr1.91bn from Nkr1.09bn. The share portfolio was written down by Nkr537m.

The non-life business saw premium income in 1992 fall by 2.5 per cent to Nkr6.872bn as operating costs were cut by Nkr123m to Nkr1.85bn. Operating profit rose to Nkr345m from Nkr281m.

Uni said the non-life result was compromised by a Nkr123m loss due to a hurricane which struck north-west Norway. It also suffered a Nkr168m realised loss and write-down on the securities portfolio.

The group's international business saw premium income rise by 6.5 per cent to

Nkr4.702bn, but investment income fell by Nkr175m to Nkr232m. The division plunged into an operating loss of Nkr546m last year, against a profit of Nkr64m a year earlier.

Uni said the poor result was due in part to a Nkr164m charge to cover damage resulting from hurricane Andrew. The international business will engage in reinsurance business only while the marine, oil, satellite and liability operations are to be transferred to the non-life business once approval is given by authorities.

Mr Vold forecast an improvement in 1993 through cutting costs, increasing premiums and reducing the risk profile of investments.

Besnier sells cheese unit to banks

By Alice Rawsthorn

BESNIER, the acquisitive French dairy group, has sold a 40 per cent stake in Sofil, the company through which it controls the Caves du Roquefort cheese concern, to three banks in a FF700m capital-raising exercise.

Sofil was formed last autumn as the vehicle with which Besnier, already one of the largest participants in the European cheese industry, bought a 57 per cent stake in Roquefort for FF862m (\$153.38m) from Neslé, the Swiss food group, following the latter's successful bid for Perrier mineral water.

The Sofil stake in Roquefort has since been raised to 69.5 per cent (with 35 per cent of the voting rights). Sofil has also bought an 8.1 per cent holding in Bel, another leading French cheese producer, reportedly as a precursor to taking a larger investment.

However, Besnier and Roquefort are heavily indebted. As a result, Besnier has ceded 40 per cent of Sofil in equal shares to three French banks - Crédit Lyonnais, Banque Nationale de

Paris and Société Générale - in a FF700m to FF800m capital increase.

The deal should alleviate the financial pressure on Besnier, a private company run by Mr Michel Besnier, which expanded rapidly by acquisition in the 1980s and was burdened by net debt of FF2.5bn before the Roquefort deal.

Besnier is trying to address the operational difficulties at Roquefort which last month reported a net consolidated loss of FF148m for 1992, against a pre-tax profit of FF37.28m in 1991.

Paris and Société Générale - in a FF700m to FF800m capital increase.

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Traub and Maho scrap agreement

By Christopher Parkes in Frankfurt

TRAUB and Maho, two of Germany's largest machine tool makers, have scrapped a collaboration agreement announced three months ago.

The link, which was to start with joint distribution and service networks and extend into buying and product development, was broken because of structural differences, Traub said.

Instead, Traub, Germany's second-biggest lathe maker after Gildemeister, has joined

forces with Berthold Hermle, a much smaller milling and drilling machine specialist.

The new partners will each maintain their own German sales and service networks, although Hermle products will in future be sold through Traub's international dealerships, representing the company in 12 countries.

At present, Hermle does around 70 per cent of its business in Germany, although its Swiss subsidiary Aclera and a newly founded US arm put in a strong performance last year. Overseas sales rose 27 per

cent in the first nine months of last year to DM27m (\$16.8m), while turnover at the German parent fell 25 per cent to DM64m. Reporting these figures in December, the company warned shareholders to expect heavy losses.

In 1991, the last year for which figures are available, Traub lost almost DM30m.

The companies said yesterday that tangible benefits would be apparent next year. Meanwhile, Maho is understood to be continuing negotiations with rival Deckel on co-operation in manufacturing.

KHD plans rights issue

KLOCKNER-Humboldt-Deutz, the German diesel and industrial plant manufacturer, yesterday announced a one-for-two rights issue, writes Ariane Genillard in Bonn. The new shares will be issued at DM80 a share.

The issue is underwritten by a banking consortium led by Deutsche Bank, which owns a 41 per cent share in the company. The share offer will run until March 24.

Color Line profit doubles to Nkr80m for year

By Karen Fossli

COLOR LINE, the Norwegian cruise and ferry group, said 1992 pre-tax profits nearly doubled to Nkr80m (\$11.35m) from Nkr44m in 1991. Group operating profit rose to Nkr313m from Nkr212m, as sales rose to Nkr1.67bn from Nkr1.43bn.

Mr Jon Erik Nygaard, chief executive, said the group's four cruise ferry lines between Norway, Denmark, Germany and the UK set new traffic records in 1992. Passenger volume rose 9 per cent, representing 1.9m passengers, and 80,000 freight units, an increase of 6 per cent.

Net financial items rose to Nkr233m in 1992 from Nkr168m in 1991 due in part to a Nkr31m non-capitalised currency loss on long-term D-Mark debt. Mr Nygaard said bookings for 1993 were satisfactory and showed continued development in the German market.

Exportfinans, Norway's export lending institution, reported gross income up 17 per cent in 1992 to Nkr312m from Nkr267m last time. Net income rose to Nkr225m from Nkr202m. Loans disbursed in 1992 to the domestic export industry reached Nkr4.35bn, up Nkr300m.

Reduced call charges trim Italcable to L130bn

By Haig Simonian in Milan

ITALCABLE, the Italian state-controlled international telecommunications utility, reported a slight fall in net profits to L130.3bn (\$82.7m) last year from L132.7bn in 1991.

The decrease, which comes in spite of a 16.6 per cent surge in turnover to almost L790bn, stems largely from the progressive reductions in Italy's very high charges for international telephone traffic. The price cuts stimulated a 28.3 per cent rise in international telephone traffic last year, in spite of the recession.

The company, which said it was satisfied with the results, particularly in view of the higher financial charges it had faced in 1992, will pay an unchanged dividend of L230 for ordinary shares and L250 a share for savings stock.

Italcable said the volume of directly-dialled international calls had risen 58 per cent last year due to improved marketing, improved quality and tariff cuts. The increase in data transmissions had been held to 13 per cent by growing competition under liberalisation laws, and the company planned substantial tariff cuts.

This announcement appears as a matter of record only.

8,748,350 Ordinary Stock Units

Trinity International Holdings plc

Offer Price: 310 Pence Per Share

Goldman Sachs purchased the above shares from The Telegraph plc and sold them in a block transaction.

Goldman Sachs Equity Securities (U.K.)

February 1993

ISTITUTO BANCARIO SAN PAOLO DI TORINO
LONDON BRANCH

US \$500,000,000
BankAmerica Corporation
Floating Rate Notes
Due September 1995

For the period from March 9, 1993 to June 9, 1995 the Notes will carry an interest rate of 3.59375% per annum with an interest amount of US \$91.84 per US \$10,000 principal amount of Notes payable on June 9, 1995.

Agent Bank:
Bank of America NT & SA
London

SAMANTHA INVESTMENTS PLC

£15 million Subordinated Floating Rate Notes
Due 2001

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from 5th March 1993 to 5th September 1993 the Notes will carry interest at the rate of 7.5825 per cent per annum.

Interest payable on 6th September, 1993 will amount to £3,833.05 on each £100,000 Note.

Chartered WestLB Limited
Agent Bank

Appointments Advertising

appears every
Wednesday &
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Friday
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GARDINI et ASSOCIES

Medium-term facility
FRF 250,000,000
Short-term facility
FRF 100,000,000

Arrangers and Lead Managers

BANQUE WORMS **CREDIT NATIONAL**

Managers

BANCO DI ROMA (France)
BANQUE FRANCAISE DU COMMERCE EXTERIEUR
BANQUE DE NEULIZE SCHLUMBERGER MALLET
DE NATIONALE INVESTERINGSBANK N.V.
VIA BANQUE

BANQUE WORMS **CREDIT NATIONAL**

BANK HANDLOWY W WARSZAWIE S. A.
(Established 1870)

Bank Handlowy w Warszawie S.A. is pleased to announce that the London Branch will be moving to new premises located at

16, Eastcheap London EC3M 1BD

with effect from 15th March 1993

GENERAL TELEPHONE: 071 369 1150 GENERAL TELEX: 290694
DEALERS' TELEPHONE: 071 369 0123 DEALERS' TELEX: 290693
FAX: 071 369 1191 SWIFT: BHWAGB2L

Bührmann-Tetterode nv

herewith informs that written announcements of received notifications as specified in Article 9, Subsection 1 of the Major Holdings in Listed Companies Disclosure Act are generally available at the offices of National Westminster Bank PLC., National Westminster House, Station Way, Crawley, West Sussex RH10 1JB.

Amsterdam, 9 March 1993

Board of Managing Directors

GROUPE SEB

CALOR. ROWENTA. SEB. TEFAL
STEADY PROFIT MARGINS - DIVIDEND INCREASED

FF millions	1992	1992/1991
Sales	8,279	+ 2.5 %
Operating income	983	
Interest expense	237	
Operating income after interest	746	+ 2.5 %
Other revenues and expenses	243	
Income tax	189	
Net income	557	+ 1 %
Income + amortization	672	+ 6 %

Despite the worldwide economic slowdown at the end of the year and the currency devaluations, the Group has maintained its profit margins.

The Board is proposing to the Shareholders' Meeting a new dividend increase, to FF 7.50 (+ 10 %).

The preliminary report will be available as of March 12. If you wish to receive it, please telephone or write: Groupe SEB - B.P. 172 - 68132 Ecully cedex - FRANCE. Tel. (33) 78.20.16.40.

Turner to launch new satellite TV station in Europe

By Raymond Snoddy

MR TED Turner, the television magnate, is launching a new satellite television channel for Europe in September.

Turner Network Television Europe yesterday announced plans for a 24-hour-a-day channel that will show 14 hours of cartoons a day, from 6am to 8pm, with films making up the rest of the schedule.

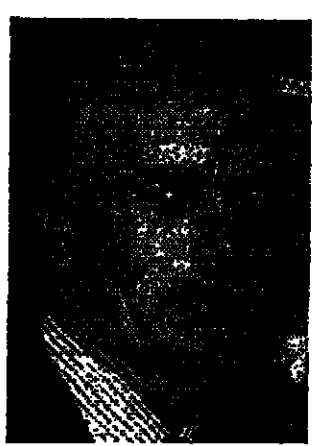
The new channel, which will be broadcast by the Astra satellite to cable networks and home dishes, is being put together from two Turner satellite networks in the US, The Cartoon Network and Turner Network Television.

"The popularity of our cartoons, films and other entertainment programming in Europe prompted us to bring these two services to the region," Mr Turner, chairman of the Turner Broadcasting System, said yesterday.

The new channel will draw upon more than 6,500 cartoons made by MGM, Warner Bros and Hanna-Barbera and the Turner library of around 2,500 feature films.

It will intensify competition in the European market for children's programming on satellite television.

The long-established Children's Channel - whose main shareholders include TCI, the Denver-based cable television



Ted Turner: new channel will show cartoons and films

company, and Flextech of the UK - will now face two rivals by the autumn.

Vision has announced it is bringing Nickelodeon, its children's channel, to the UK in a joint venture with British Sky Broadcasting.

The Cartoon Network and TNT will be delivered in English, although some programmes will be subtitled and dubbed.

Mr Turner's Cable News Network is already broadcast throughout Europe on the Astra system.

The new channel will initially be financed by advertising, although it could later become a subscription service.

Blockbuster to take 8% holding in Spelling

By Nikki Tait in New York

BLOCKBUSTER, the Florida-based video rental company, announced yesterday it was acquiring an 8.2 per cent stake in Spelling Entertainment Group.

Spelling is an entertainment conglomerate built up by Mr Aaron Spelling, and includes a library of television series, feature films, TV movies, and mini-series.

The stake which Blockbuster is buying was previously owned by Cincinnati American Financial Corporation.

In exchange for the 24.5m ordinary shares of Spelling which Blockbuster is acquiring, the Florida-based company will issue 7.6 shares of its own stock to American Financial, together with warrants to acquire a total of 5m Blockbuster shares at an exercise price of \$25 a share.

Mr Wayne Huizenga, chairman of Blockbuster, said the deal should help the company to become "a major force in the distribution and production of filmed entertainment".

The Spelling library includes some 55 off-network series, including Dynasty, Dallas, and Twin Peaks.

There has been much debate about the long-term prospects for Blockbuster's video rental business if new technologies allowed households to have multiple movie channels on demand via a TV set.

The company has been attempting to broaden operations and become a widely-based home entertainment group.

Gambro lifts payout as income rises 27%

By Christopher Brown-Humes in Stockholm

GAMBRO, the Swedish medical equipment maker, said favourable market trends and acquisitions had helped it lift 1992 pre-tax income to SKr753m (\$102.34m), up 27 per cent from SKr594m a year earlier.

The performance encouraged the group to raise its dividend 20 per cent to SKr4.50 per share from SKr3.75.

The group said its European

renal care activities contributed substantially to the improvement, and it pointed to the favourable development of Cobe and Hespel, two companies which it has purchased in the past five years.

Sales rose 12 per cent to SKr6.3bn from SKr5.6bn. Operating profit rose 24 per cent to SKr972m, with interest expenses up to SKr299m from SKr263m.

Gambro's main activity, renal care, saw turnover rise 9

per cent to SKr4.5bn, thanks to strong sales of dialysis machines and other equipment.

But there were bigger increases from two of its other business areas. The intensive care and anaesthesia division lifted sales 17 per cent to SKr408m, helped by the purchase of the UK group MIE, and the blood component technology area increased sales by 18 per cent to SKr355m.

The group suffered from low capacity utilisation, aggra-

vested by FM200m in non-recurring restructuring costs and FM190m in foreign exchange losses. It did not benefit significantly from the weakening markka because half its paper is produced outside Finland.

The result was a FM530m reversal in the operating profit of the paper divisions from a FM399m profit in 1991 to a FM131m loss last year.

Kymmene said it expected earnings to start improving gradually in 1993.

dividend for the first time in decades after posting a FM1.36bn (\$225m) loss in 1992. It blamed overcapacity, low prices and its product mix for the deficit, which is bigger than its 1991 loss of FM1.3bn when it paid a FM0.90 per share dividend. Sales rose to FM13.61bn from FM13.45bn, while operating profit fell to FM394m from FM437m.

Mexican government changes channels

The forthcoming privatisations could usher in a media revolution, writes Damian Fraser

THE MEXICAN government has ushered in a potential revolution in the country's broadcasting and media markets by announcing the privatisations of two state-owned television channels, dozens of cinemas and the El Nacional newspaper.

Televisa, Mexico's dominant media company, will face real competition for the first time. The favoured bidders for the stations are all backed by rich partners, and most have long experience in Mexican radio and local television. All are aiming to take a slice of Televisa's audience share of around 90 per cent.

Investors have to register their interest and submit business plans by the end of this month for all or parts of the media package under sale.

The potential rewards are huge. Televisa's revenues from television were around \$1bn last year, 27 per cent up in real terms in 1991.

Growth prospects are favourable: advertising cost per thousand viewers is one-fifth of that in the US, while steady economic growth and a young population mean advertising demand should grow substantially.

But much to the annoyance of advertisers, Televisa forces them to pay a year in advance. It has increased its advertising rates well beyond inflation:

they more than doubled in 1990, rose by 40 to 60 per cent in 1991, and went up by another 30 per cent late last year.

Televisa's heavy-handed support of Mexico's ruling Institutional Revolutionary Party, including a recent pledge to give the party at least \$25m, could become a handicap. One of the bidders for the state-owned networks says: "Televisa is a very powerful company, heavily protected by the government. Nevertheless, it is a monopoly and people grow tired of monopolies."

There are four favoured bidders for the two state-owned channels: Mr Clemente Serna of Radio Programas de Mexico; Mr Joaquin Vargas Gomez, who runs the subscriber-only television company, Multivision; the Aguirre family of Radio Centro, with Mr Ricardo Salinas of the electrical stores group, Elektra; and Mr Raymond Gomez Flores, a rich businessman from Guadalajara, who owns Banca Creni. Mr Gomez Flores may team up with whomever emerges as the winner.

Mr Serna runs Mexico City's most successful radio station, Radio Red, and owns a local television channel in Guadalajara. He is backed by rich partners. He maintains: "It will take three years to compete with Televisa, and will be very difficult - but we have the resources."

Mr Serna is buoyed by the success of his Channel 6 in Guadalajara, which has more than held its own against Televisa. "They are very worried about losing their national monopoly because then their power evaporates," he says.

Televisa, however, will be a tough competitor. It is a successful programme maker, with soap operas hit successes from Moscow to Los Angeles. Second, Mr Emilio Azcarraga, its president, and reportedly Mexico's richest man, is a survivor, having fought off attempts of expropriation from former Mexican president Mr Luis Echeverria, and won practically all intra-family battles over control for the company.

Mr Azcarraga's latest strategy is to turn Televisa into an international media empire, which dominates programming, broadcasting, distribution and advertising in the Hispanic world.

Televisa has also been on a buying spree. The deals include a 25 per cent interest in Univision, the largest Spanish-speaking media group in the US, and a 76 per cent interest in Peruana de radio Difusion, a Peruvian television and radio station.

The group has bought American Publishing Group - the world's largest Spanish language publishing house, with more than 80 magazines - for

\$130m, and has 70 per cent of Ovi-cones, a tabloid-style newspaper in Mexico.

Earlier this year Mr Azcarraga bought PanAmSat, giving him control over satellite distribution of his programmes across the world.

Televisa already owns radio stations in Mexico, record labels, football teams and a bull-fighting stadium.

It is also set to control a third national network in Mexico. The Mexican government has announced it will give concessions for 62 local repeater stations, and Televisa has all but declared it will be given the stations, enabling it to turn Mexico City's Channel 9 into a national network.

Televisa's market dominance gives it an edge when dealing with advertisers. It has, for example, signed big advertisers - such as Pepsi-Cola and Colgate - in a three-year advertising deal. It also offers free spots to companies that promise not to advertise elsewhere.

A government official in Mexico's trade ministry said such restrictive practices would probably be illegal once Mexico's anti-monopoly law comes into force later this year.

However, at least one bidder was nervous that the government would be unwilling to enforce the law against its long-time supporter.

Profits at Federated reach \$113m for year

By Nikki Tait

FEDERATED Department Stores, which emerged from bankruptcy last year and includes large department store chains such as Bloomingdale's, The Bon Marche and Jordan Marsh, yesterday reported after-tax profits of \$113m for the 12 months to January 30.

The figure was reached on sales up to \$7.08bn from \$6.93bn, and compared with a net profits figure of \$836.4m in the previous year.

However, the 1991-92 result was struck after various one-time items, including a \$2.1bn extraordinary gain and a

\$1.68bn reorganisation charge. In the final quarter of 1992-93, Federated made an after-tax profit of \$99m, on sales up from \$2.13bn to \$2.26bn.

Yesterday, Mr Allen Questrom, Federated's chairman, said the group was very pleased with the year's performance, and "well-positioned for sustained earnings growth".

"We are encouraged by the increase in consumer spending and its positive impact on the economy in the fourth quarter," Mr Questrom added, though he said he thought it prudent to remain cautious about the economic outlook.

Luxembourg bank improves

By Robert Gibbens in Montreal

BANQUE Générale de Luxembourg pushed net profits up to LFr1.72bn (\$60.3m) in 1992 from LFr1.52bn, writes Andrew Hill in Brussels.

The bank's balance sheet was also swelled by a 13.3 per cent increase in customers' deposits to LFr432bn. The balance sheet total rose from LFr593bn to LFr662bn.

Net consolidated profit rose to LFr1.89bn from LFr1.7bn, while the consolidated balance sheet total was up from LFr599bn to LFr668bn.

CP unit in C\$160m equity issue

By Robert Gibbens in Montreal

CANADIAN PACIFIC's Forest Products arm, CPFP, is planning to raise C\$160m (US\$128m) of new equity in order to bolster working capital and to support the remaining portion of its heavy investment programme.

However, Canadian Pacific is not taking up any of the 8m common shares, which are being sold at C\$20 a share to an investment group headed by Scotia McLeod.

Its total interest in CPFP will drop from 70 per cent to 60.7 per cent.

The Forest Products arm raised US\$75m in a debenture issue in January and last raised new equity in 1992 with an issue at C\$26.50 a share. CP took up 20 per cent.

CPFP, one of North America's biggest newsprint producers, has omitted its common share dividend to conserve cash. It suffered a loss for 1992 of C\$248m, or C\$4.82 a share, on sales of \$1.8bn, after restructuring charges.

Sime Darby up 9.3% to M\$171m at half-way

SIME Darby, the Malaysia-based conglomerate that has grown into one of the region's leading multinationals, posted a 9.3 per cent rise in net first-half profits to M\$170.9m (US\$65.25m) from M\$156.4m a year earlier, Reuter reports from Kuala Lumpur.

Earnings per share rose to 10.9 cents from 10.0 cents, and the interim dividend is being maintained at 3.5 cents a share. Pre-tax profits rose to

M\$374.7m from M\$368.8m on turnover 6.8 per cent ahead at M\$3.32bn from M\$3.11m.

However, the directors said the results for the second half were unlikely to show noticeable improvement as in previous years, and they expected profitability to be maintained at the same level as in the first six months.

The Malaysia region was the top profit contributor, due to strong results from the oil and gas division.



Groupe Suez Releases Estimated 1992 Results and Maintains Dividend For the Year

The Board of Directors of Compagnie de Suez has met under the chairmanship of Mr. Gérard Worms to examine the Group's estimated consolidated results for 1992.

• **Estimated 1992 results: the impact of the recession in French property markets**

Consolidated net income after minority interests is expected to have declined sharply over the past year, to a loss of FRF 1.8 - 1.9 billion from a profit of FRF 3.8 billion in 1991. The result was due to three unfavorable factors:

- The impact of the recession in French property markets and the Group's commitment to covering the resulting losses and risks. The negative impact may be estimated at FRF 4.2 billion. As of December 31, 1992, the coverage of the Group's loans to real estate developers and dealers amounted to an estimated 19%.
- Provisions in an amount of FRF 0.8 billion to cover the decline in value of equity investments affected by the recession.
- The impact of the economic slowdown on operating income (FRF 0.7 billion).

• **Satisfactory performance in a number of business segments**

Despite the unfavorable business environment, a number of the Group's segments enjoyed satisfactory development over the year. Société Générale de Belgique continued to improve operating income, while the French and German insurance companies offset market difficulties by reducing their claim loss exposure and enhancing productivity. Banque Indosuez increased gross operating income, thanks to especially strong performance in its trading activities, in its private banking segment, and in Asia. The Banque Sofinco consumer credit unit and the Factofrance Heller factoring business both reported excellent results.

• **Support for the banking units**

Groupe Suez is actively supporting its subsidiaries that are being affected to varying degrees by the real estate recession. In December, Banque Indosuez, whose commitments to the real estate industry represent only four percent of total assets, received an addition FRF 800 million in equity funds and currently more than meets BIS capital adequacy ratios. Restructuring of the Credisuez unit will have a positive impact on Banque La Hénin, by integrating it into an entity with high shareholders' equity.

• Restructuring Credisuez

Pending approval by the appropriate authorities, Compagnie Foncière Internationale (a 97.28 percent-owned Suez subsidiary following the recent share swap) and Compagnie de Suez's interest in ISM will be transferred to Credisuez. In exchange, Compagnie de Suez will receive Credisuez's interests in Banque Sofinco, Factofrance Heller, Fimigest, and La Hénin Vie. The new entity comprising Banque La Hénin, CFI, and ISM will be capitalized with around FRF 6 billion in shareholders' equity and have a BIS capital adequacy ratio exceeding ten percent.

• Continued streamlining and refocusing

The downturn in the Group's economic and business environment has confirmed the need to accelerate the strategic drive initiated two years ago. This strategy is designed to:

- Dispose of businesses and investments that do not offer a strong strategic fit with the Group's core businesses. Over a third of the FRF 5 billion divestment program (excluding property assets) announced last October has been successfully completed.
- Improve the core earnings of the different business segments by streamlining organizational structures and reducing costs.
- Selectively expand into financial services, such as consumer services, merchant and treasury banking and insurance, and exploit the strong potential synergy between some of the Group's activities.

Despite a still highly unfavorable economic environment, the actions currently being taken and the already high provision coverage should enable the Group to return to profit in 1993, before further improving earnings in the future.

• Dividend maintained

In light of the financial soundness of the Group and its major subsidiaries, as well as the outlook resulting from the measures described above, the Board of Directors will ask shareholders to maintain the dividend at 1991 levels. Ex-dividend date will be June 29, 1993.

March 3, 1993

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Equity slump in Japan prompts Salomon revamp

TOP FIVE FOREIGN
Pre-tax profits for half-

BROKERS IN JAPAN Year to September 1992	
(Ybn)	% change

Indocement ahead 6% after \$1bn acquisitions

seems a very generous figure given the market's reservations over the acquisitions," noted one foreign broker.

Brokers expect Indofood to be floated by the end of next

De Beers steps through dividend minefield

estimate the cut could be as high as 50 per cent.

Apart from De Beers' August dividend announcement, which effectively compels it to cut the first two rough diamond auctions — known as "sights" — tells a different tale. Trade estimates suggest the two sights were worth a total of about diamonds, show that De Beers is trying to soften the blow of lower earnings.

Whatever the outlook for CSO sales in 1993 — most ana-

cent from 283 US cents in 1991.

There is little prospect of the CSO quotas being scrapped, since the gap between production contracted to the com-

have caused a loss of \$100 million from country. Mr. Kilalea mentions "It is not a problem that has been cured. It that has been shelved."



Whatever the outlook for CSO sales in 1993 - most ana-

renewed hostilities in Angola have dampened supplies that from country, Mr Kilalea comments: "It is not a problem that has been cured. It is one

Morgan Stanley	12.66	-2
Salomon Bros	7.41	-53
Swiss Bank Corp	3.06	+9
Goldman Sachs	2.25	-85
Société Générale	2.16	-66

(US\$19m) in the period, from order of the financial year."

[illegible]

Hong Kong
(852) 810-1421

the formation of

Bank of Tokyo to set up Taiwan branch

FT GUIDE TO WORLD CURRENCIES

Country	Year	Value	Country	Year	Value
Bosnia and Herzegovina	2004	3,894	Iran	2004	59,338
Brazil	2004	2,447	Iraq	2004	9,410
Brazil	2005	2,101	Iran	2005	59,338
Brazil	2006	1,648	Iran	2006	9,410
Bulgaria	2004	37	Iran	2007	9,410
Bulgaria	2005	37	Iran	2008	9,410
Bulgaria	2006	37	Iran	2009	9,410
Bulgaria	2007	37	Iran	2010	9,410
Bulgaria	2008	37	Iran	2011	9,410
Bulgaria	2009	37	Iran	2012	9,410
Bulgaria	2010	37	Iran	2013	9,410
Bulgaria	2011	37	Iran	2014	9,410
Bulgaria	2012	37	Iran	2015	9,410
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Bulgaria	2016	37	Iran	2019	9,410
Bulgaria	2017	37	Iran	2020	9,410
Bulgaria	2018	37	Iran	2021	9,410
Bulgaria	2019	37	Iran	2022	9,410
Bulgaria	2020	37	Iran	2023	9,410
Bulgaria	2021	37	Iran	2024	9,410
Bulgaria	2022	37	Iran	2025	9,410
Bulgaria	2023	37	Iran	2026	9,410
Bulgaria	2024	37	Iran	2027	9,410
Bulgaria	2025	37	Iran	2028	9,410
Bulgaria	2026	37	Iran	2029	9,410
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Bulgaria	2058	37	Iran	2061	9,410
Bulgaria	2059	37	Iran	2062	9,410
Bulgaria	2060	37	Iran	2063	9,410
Bulgaria	2061	37	Iran	2064	9,410
Bulgaria	2062	37	Iran	2065	9,410
Bulgaria	2063	37	Iran	2066	9,410
Bulgaria	2064	37	Iran	2067	9,410
Bulgaria	2065	37	Iran	2068	9,4

FT GUIDE TO WORLD CURRENCIES[illegible]

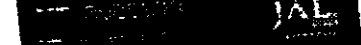
Algeria	(Dinar)	9,472.9	6,554.9	3,943.8	5,632.3	Jamaica	(Jamaican Dollar)	31,31.92	22,677.6	13,283.3	18,099.9	15,000.0	(Korea)	42,265.6	29,239.7	17,392.4	24,083.0
Angola	(Burmese Kyat)	1,000.0	1,000.0	1,000.0	1,000.0	Kenya	(Kenyan Shilling)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Tanzania)	1,000.0	1,000.0	1,000.0	1,000.0
Cameroon	(CFA Franc)	3,892.0	2,000.0	1,200.0	1,200.0	Libya	(Libyan Dinar)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Cambodia	(Riel)	407,125	281.65	169,459	169,459	Madagascar	(Malagasy Franc)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Cape Verde	(Escudo)	170.75	118,125	17,078	101,335	Malawi	(Malawi Kwacha)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Central Afr. Rep.	(CFA Franc)	107,29	74,234	44,676	63,675	Mali	(Mali Franc)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Chad	(CFA Franc)	407,125	281.65	169,459	169,459	Morocco	(Moroccan Dirham)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
China	(Chinese Yuan)	5,632.9	3,911.45	2,301.0	3,911.45	Mozambique	(Mozambique Escudo)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Colombia	(Colombian Peso)	1,000.0	1,000.0	1,000.0	1,000.0	Niger	(Niger CFA Franc)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Congo	(CFA Franc)	407,125	281.65	169,459	169,459	Nigeria	(Nigeria Naira)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Cote d'Ivoire	(CFA Franc)	107,29	74,234	44,676	63,675	Paraguay	(Paraguayan Guaraní)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Cuba	(Cuban Peso)	1,000.0	1,000.0	1,000.0	1,000.0	Peru	(Peruvian Sol)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Cyprus	(Cypriot Pound)	1,000.0	1,000.0	1,000.0	1,000.0	Romania	(Romanian Leu)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Czech Rep.	(Czech Koruna)	42,265.6	29,239.7	17,392.4	24,083.0	Russia	(Russian Ruble)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Dominican Rep.	(Dominican Peso)	1,000.0	1,000.0	1,000.0	1,000.0	Saudi Arabia	(Saudi Arabian Riyal)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Dominican Rep.	(Dominican Peso)	1,000.0	1,000.0	1,000.0	1,000.0	Senegal	(Senegalese Franc)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Dominican Rep.	(Dominican Peso)	1,000.0	1,000.0	1,000.0	1,000.0	Sierra Leone	(Sierra Leone Leone)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Dominican Rep.	(Dominican Peso)	1,000.0	1,000.0	1,000.0	1,000.0	South Africa	(South African Rand)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Dominican Rep.	(Dominican Peso)	1,000.0	1,000.0	1,000.0	1,000.0	Spain	(Spanish Peseta)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Dominican Rep.	(Dominican Peso)	1,000.0	1,000.0	1,000.0	1,000.0	Sweden	(Swedish Krona)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0
Dominican Rep.	(Dominican Peso)	1,000.0	1,000.0	1,000.0	1,000.0	Switzerland	(Swiss Franc)	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	(Togo)	1,000.0	1,000.0	1,000.0	1,000.0

CLASS	FARE	TAXES	TOTAL
Y	\$1,100.00	\$150.00	\$1,250.00
Z	\$850.00	\$120.00	\$970.00

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INTERNATIONAL CAPITAL MARKETS

Feast of new issues digested on prospect of rate cuts

By Antonia Sharpe

CONTINUED optimism among investors that interest rates are set to fall further across Europe enabled the international bond market to digest yesterday's large supply of new issues.

The Kingdom of Sweden returned to the market for the first time since its \$2bn global

INTERNATIONAL BONDS

offering in February with a zero-coupon Eurobond issue denominated in French francs. Good demand enabled the borrower to increase the amount to FF4.5bn from an original FF3.5bn and to include some zero-coupon bonds which would be issued this week.

Sweden's 10-year bonds were priced at 48.65 to yield 24 basis points over the French government's 8% per cent OATs due 2003. When the bonds were freed to trade, the yield spread tightened to 22 basis points,

but later widened back to 24 basis points when the additional FF1.5bn was launched.

An official at the lead manager, Paribas, said retail demand for the bonds was strong, especially in Germany, Switzerland and the Benelux countries. UK institutions were also interested. The official said that, by contrast, French investors did not show much interest, mainly because they did not accord to sovereign borrowers the reception they gave to domestic issuers of zero-coupon bonds.

Rarity value added to the attraction of the \$300m, seven-year Eurobond issue with equity warrants launched by Veba, the large German utility.

Syndicate managers said that Veba was one of the few remaining German companies which still had authorisation from its shareholders to raise equity-linked financing without offering shareholders preemptive rights. In recent years, German companies have been discouraged from seeking further authorisations at annual

meetings due to growing shareholder opposition.

Demand for Veba's issue was such that the price of the bonds rose as high as 119% from an issue price of 116%, but were later bid at 117%. The ex-warrant bonds closed at 99.65 bid, while the warrants traded around DM55.

The Eurosterling sector was tapped again in the morning by Carlsberg Finance AS, a subsidiary of the Danish brewing group, which raised \$100m worth of five-year Eurobonds. Later, Halifax Building Society launched a \$150m partly-paid seven-year Eurobond issue. The syndicate on the Halifax issue had not broken by the close of business.

Carlsberg's bonds, which carry a 7% per cent coupon, were priced to yield 7.31 per cent, or 63 basis points over the 7% per cent UK government bond due 1998. When the bonds were freed to trade by late morning, the spread narrowed to 63 basis points, reflecting continued demand from UK and continental insti-

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Veba Ind Fin (Amsterdam) 1993	300	9.125	100	Apr. 2000	2.25/1.5	Deutsche Bank London
Republic of Venezuela 1993	100	10	100	Mar. 1998	1/0.875	Banco Santander Negocios
Liko Baden Württemberg (Bf) 1993	100	(b)	99.875	Mar. 2000	0.45/0.3	Lehman Brothers Int.
Edison Mail Finance (a) 1993	41	(c)	100	Mar. 1998	-	JP Morgan Securities
D-MARKS						
Dresdner Ind Fin (Frankfurt) 1993	150	(d)	102.175	Mar. 2003	2.5/2.175	Dresdner Bank
Nordic Investment Bank (a) 1993	100	(e)	101.15	Apr. 2003	1.5/1.15	IQJ (Deutschland)
FRENCH FRANCS						
Kingdom of Sweden 1993	4bn	zero	49.65	Apr. 2003	1.25/1.125	Paribas Capital Markets
Credit Local de France (f) 1993	1bn	4	100.36	Apr. 2003	0.5/0.25	SFB France
STERLING						
Leifheit Building Society (g) 1993	150	7.875	101.88	Apr. 2000	1.875/1.725	CBFS
Carlsberg Finance 1993	100	7.25	101.25	Mar. 1998	1.875/1.875	JP Morgan Securities
GUILDERS						
Bank for Dutch Municipalities 1993	500	8.625	100.72	Apr. 2001	1/0.825	Rabobank Nederland
PESETAS						
Japan Development Bank (h) 1993	10bn	11.2	101.36	Mar. 1996	1.825/1	BBW & T (Madrid)
SWISS FRANCS						
Petroleo Mexicano 1993	150	8	101.5	Mar. 1998	-	Credit Suisse

Final terms and non-callable unless stated. *Private placement. **With equity warrants. Floating rate notes. #Semi-annual coupon. @ Denominated in US dollars. Exercise period is extendable by the borrower. (a) Coupon pays 0.5% above the 10-year CMT, + 1.45%, minimum 5%, maximum 8%. (b) Backed by Edison Mail. (c) Backed by Carlsberg. (d) Coupon pays 3-month Libor + 0.85%. (e) Callable on any interest payment date at par. (f) Coupon pays 8.5% fixed annual in first year and 12% + 6-month Libor thereafter. (g) Denominated in US dollars. (h) Coupon pays 10% fixed annual in first year and 12% + 6-month Libor thereafter. (i) Denominated in US dollars. (j) Coupon pays 10% fixed annual in first year and 12% + 6-month Libor thereafter. (k) Denominated in US dollars. (l) Coupon pays 10% fixed annual in first year and 12% + 6-month Libor thereafter. (m) Denominated in US dollars. (n) Denominated in US dollars. (o) Denominated in US dollars. (p) Denominated in US dollars. 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Terms fixed for special issue to cover Efim debts

By Haig Simonian in Milan and Richard Waters in London

THE dispute between the Italian authorities and foreign bank creditors of Efim, the state holding company which went into voluntary liquidation last July, moved closer to resolution yesterday as the terms were fixed for the special government bonds to be issued to repay creditors.

However, there was growing concern among the group's bank creditors that the European Commission might yet derail the agreement. Representatives on the steering group set up last year to co-ordinate foreign banks' negotiations with the Italian authorities said they believed the EC was querying whether government support in repayment of Efim creditors involved unfair state aid.

"That could put the whole thing back several months," one UK banker said.

The details of the bonds to be issued remove some of the continuing uncertainties regarding the group's borrowings, which are believed to have reached L17,500bn, including trade creditors. Interest on the special bonds, which will have a five-year maturity, will be paid at 60 basis points above six-month RIBOR (Rome Interbank Offered Rate). The

new bonds will be issued from April 1 and pay interest six-monthly in arrears.

However, doubts remain as to whether the terms will satisfy bank creditors, some of which have been threatening legal action.

The main issue still to be resolved concerns the treatment of accrued interest on Efim's debts since it was put into liquidation last July. Negotiations are also still continuing on how to treat debts of Efim subsidiaries which are not 100 per cent owned by the parent company.

There was also uncertainty yesterday about whether Efim's foreign bank creditors would receive the new Lira bonds, or whether they would be paid in cash raised from the sale of the bonds. Bankers in London said that they had reached agreement with the Italian authorities to be repaid in cash.

Late last year, Mr Alberto Predieri, the liquidator, said the L.8,000bn offered by the government was insufficient, since accumulated interest payments had raised the sum required to about L10,000bn. Bank creditors had threatened last month to block parts of the government's liquidation plan as a way of putting pressure on the authorities to have their debts repaid.

GECC to pioneer 'dragon' offering

By Antonia Sharpe

THE financing arm of General Electric of the US is set to become the first corporate borrower to tap the "dragon bond" market, which is targeted at non-Japanese investors in Asia.

General Electric Capital Corporation (GECC), which has a triple A rating, intends to launch a US dollar-denominated fixed-rate offering by the end of March. Lehman

Brothers has won the GECC mandate.

The dragon bond market has been pioneered by the Asian Development Bank (ADB) to develop Asia's capital markets and to stimulate participation by the region's investment banking community.

The ADB has launched two US dollar-denominated dragon bond issues since 1991 and is expected to launch a yen-denominated issue in the near future.

Treasuries rally amid hopes of state spending curbs

By Patrick Harverson in New York and Richard Waters in London

AFTER Friday's interruption, longer-dated US Treasury prices resumed their rally yesterday morning after sentiment was boosted by reports that President Bill Clinton was planning more spending cuts.

GOVERNMENT BONDS

than he originally announced in his first budget.

By midday, the benchmark 30-year government bond was up 1/8 at 106 1/2, yielding 6.88 per cent. At the short end of the market, the two-year note was only slightly firmer, up 1/8 at 100 1/4, to yield 3.84 per cent.

Although prices fell sharply on Friday morning following a much stronger-than-expected February employment report, by the end of the day they had regained much of their lost ground, an indication of how resilient market sentiment is currently.

It was no surprise, therefore, when bonds opened strongly yesterday. Dealers attributed the buying to weekend press and television reports suggesting that the White House was considering bowing to the wishes of Congressional Democrats and adding new spending cuts to its budget plans. The reports bolstered investors' belief that President Clinton is willing to take tough action to reduce the federal deficit.

Prices were also helped by continued shifting of funds into Treasuries by holders of mortgage-backed securities, and by comments from Mr Roger Altman, the deputy treasury secretary and key economic adviser to the president, who said that the government would be wary about "going overboard" with its planned economic stimulus given the latest jobs data.

THE higher-yielding European government bond markets showed further strength yesterday, continuing the outperformance seen since the Bundesbank's announcement on Friday that its key

FT FIXED INTEREST INDEX

	Mar 8	Mar 9	Mar 10	Mar 11	Mar 12	Mar 13	Mar 14	Mar 15	Mar 16	Mar 17	Mar 18	Mar 19	Mar 20	Mar 21	Mar 22	Mar 23	Mar 24	Mar 25	Mar 26	Mar 27	Mar 28	Mar 29	Mar 30	Mar 31	Mar 32	Mar 33	Mar 34	Mar 35	Mar 36	Mar 37	Mar 38	Mar 39	Mar 40	Mar 41	Mar 42	Mar 43	Mar 44	Mar 45	Mar 46	Mar 47	Mar 48	Mar 49	Mar 50	Mar 51	Mar 52	Mar 53	Mar 54	Mar 55	Mar 56	Mar 57	Mar 58	Mar 59	Mar 60	Mar 61	Mar 62	Mar 63	Mar 64	Mar 65	Mar 66	Mar 67	Mar 68	Mar 69	Mar 70	Mar 71	Mar 72	Mar 73	Mar 74	Mar 75	Mar 76	Mar 77	Mar 78	Mar 79	Mar 80	Mar 81	Mar 82	Mar 83	Mar 84	Mar 85	Mar 86	Mar 87	Mar 88	Mar 89	Mar 90	Mar 91	Mar 92	Mar 93	Mar 94	Mar 95	Mar 96	Mar 97	Mar 98	Mar 99	Mar 00	Mar 01	Mar 02	Mar 03	Mar 04	Mar 05	Mar 06	Mar 07	Mar 08	Mar 09	Mar 10	Mar 11	Mar 12	Mar 13	Mar 14	Mar 15	Mar 16	Mar 17	Mar 18	Mar 19	Mar 20	Mar 21	Mar 22	Mar 23	Mar 24	Mar 25	Mar 26	Mar 27	Mar 28	Mar 29	Mar 30	Mar 31	Mar 32	Mar 33	Mar 34	
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COMPANY NEWS: UK

British Vita ahead to £55.2m

By Richard Gourlay

BRITISH VITA, the polymer, fibre and foam company, yesterday disappointed the market with pre-tax profits up 5.5 per cent at £55.2m as continental Europe slowed sharply.

The shares fell from 253p to 235p. In the year to December 31, operating profits fell 8.7 per cent to £48.7m on sales up 14 per cent at £785.5m.

The profits were flattened by £2m of currency translation gains and also benefited from a sharp increase in associated company profits after losses in Spartech were reduced.

As the proceeds of last year's rights issue were not fully utilised, the group benefited from £842,000 interest, compared with a charge of £4.6m. Mr Rod Sellers, chief executive, said the results were "credible" given the market circum-

stances. He was particularly pleased with cash generation, given the deterioration in trading conditions.

Sales in the UK rose to £233m, but operating profit fell from £15.5m to £14.7m. The fall in continental Europe was greater - operating profits fell from £35.7m to £33.3m on sales up 15 per cent at £499.4m.

Sales to the industrial and auto sector in Germany were particularly hard hit by wage rate inflation. Consumer demand for products like mattresses held up relatively well.

The results were after £4m losses, including the cost of redundancies in the Spanish operation which had been hit by a slowing economy and where losses were continuing this year.

Earnings per share were unchanged at 16.3p, adjusted for the rights issue last year; a recommended final distribution of

3.65p lifts the total for the year to 7.15p (7.05p).

COMMENT

With the exception of Reuters, there are few other UK quoted companies more dependent than British Vita on the weakening European economy. Given the strength of management and tight working capital control in recession, this slow down is something investors would be prepared to stomach. What is really hurting Vita is Spain. The company could easily lose another £4m this year, redundancy payments for only 57 Spanish workers last year cost £2.5m. Until this is sorted out and the scale of the European slowdown is established, there is little for investors to be chasing. Pre-tax profits of £55m this year are likely to give earnings per share of 15.2p and a prospective multiple of about 15.

Perkins Foods hit by interest turnaround

By Maggie Urry

THE GLUT of fresh produce last year and a swing to interest payable cut 1992 pre-tax profits at Perkins Foods by 8.7 per cent to £23.1m.

However, the final dividend goes up 0.1p to 2.7p, bringing the total to 4.4p (4.3p). The shares rose 7p to 160p.

Group sales rose 36 per cent to £353.8m, of which only £32m came from acquisitions as takeover activity has subsided. Operating profits were ahead 10.7 per cent at £23.8m, with £600,000 coming from acquisitions.

Mr Howard Phillips, chief executive, said the group had integrated acquisitions and focused on seven business groups, although it reports results in four divisions.

An interest charge of £1.7m compared with receivable of £2.7m as sterling cash balances attracted lower interest rates and overseas borrowing costs rose. Mr Ian Blackburn, finance director, said gearing was 34 per cent, up from 12 per cent, if the D-Mark convertible loan notes are counted as debt.

The frozen food division increased operating profits by 33 per cent to £14.3m, but this included a £1.2m insurance payment.

In chilled foods, the only division to achieve organic profit growth, profits rose 20 per cent to £4.8m, but this was after a £1.4m provision covering the closure of a factory.

Fresh produce profits fell from £7.6m to £6.7m, although Mr Phillips said this was a better result than many competitors had achieved.

Fully allocated earnings per share fell from 11.9p to 8.7p.

COMMENT

Perkins share price has recovered from last year's fall. The group has done much to allay concerns about the fresh produce division, the lack of integration of rather hastily acquired businesses, and the balance sheet. Deferred consideration on acquisitions is beginning to tail off, with £3.3m paid in 1992 out of a potential £11m, and a maximum of £4.3m due in 1993 and another £5.1m possible over the next four years. The fall in sterling still raises doubts about the D-Mark convertibles, at least in the most cynical minds, but the group believes it can cover their redemptions from D-Mark cashflows if necessary. Forecasts are for a bounce back to profits of £25m this year giving a p/e under 10. The historic yield is still attractive at 5.6 per cent.

Pressure on margins leaves TDG at £33.5m

By Peggy Hoilinger

SEVERE PRESSURE on margins hit profits at Transport Development Group which yesterday reported a 7 per cent decline at the operating level to £40.5m for the year to December 31.

Mr Martin Llowarch, former British Steel chief executive who took over as chairman in April, said the squeeze on margins had been most severe in transport and plant hire.

"These are two areas where it has been pretty acute in recessionary times," he said.

The pre-tax performance masked the decline, showing an almost doubled return of £33.5m, against £16.8m. Turnover rose by £15.2m to £59.5m. The strong rise in pre-tax profits was due to the restatement of 1991 results under new accounting standards. A £17m charge for withdrawal from the US had previously been taken as an extraordinary item.

Earnings, similarly restated, rose from 3.6p to 12.05p. The proposed final dividend is

maintained at 6.5p, for an unchanged total of 9.5p.

Mr Llowarch said TDG had experienced good trading in the Netherlands and Germany. France had been difficult, however, with losses of £2m in one subsidiary which wiped out profits from other French businesses.

Mr Llowarch warned that even the previously buoyant parts of continental Europe were beginning to slow down. "Transport has been getting more difficult on the continent than in the UK," he said.

TDG was taking steps to streamline the management of its European operations, as it had been doing in Britain for the past two years. Redundancy costs for 1992 came to about £2.8m.

Trading continued to be quiet in Britain, with no sign of an upturn. Operating profits declined from £32.3m to £31.8m, although they were cushioned by an increase in the storage division.

In the US, the group said it was confident of receiving the

outstanding £10.7m proceeds on the sale of Willie Knight. However, this depended on the success of a private equity offer by the purchaser, which was expected to go ahead in the near future.

COMMENT

The gloomy noises coming out of Europe are perhaps a reason for the shares' decline from 256p to 235p in a buoyant market. There are some who argue TDG tends to leave the starting gate a bit late when it comes to strategy. The restatement has been going on for two years, and is only now addressing Europe. On the other hand, its strong balance sheet allows it at this point in the recession. What many fear, however, is that the cautious management will not use that strength aggressively. Forecasts for flat profits of about £30m to £37m. The prospective p/e of 17.6 leaves the price about right, if not slightly demanding. However, this could change with economic recovery.

BPI in £8.4m acquisition of rival

By Peter Pearce

BRITISH Polythene Industries, the acquisitive polythene film products maker, yesterday announced an 18 per cent advance in pre-tax profits for 1992, an £8.4m acquisition, and a rights issue to raise £20.6m.

Pre-tax profits were pushed ahead to £12.1m (£10.3m) on turnover up at £177.3m (£156.1m). Some £400,000 for redundancies was subtracted giving operating profits of £14.5m, up 13 per cent.

The company has made eight acquisitions since its £15.5m rights issue in 1991. The current one, its ninth, is the busi-

ness of Sonoco Polysack Europe from Sonoco, its US parent.

Mr Cameron McLatchie, chairman and chief executive, said Sonoco was BPI's biggest competitor in the retail sector. He said he was not concerned about OPI considerations because of the customer-driven nature of the business. He said the acquisition would lift BPI's market share in carrier bags from 16 to 24 per cent.

BPI is to acquire Sonoco's Telford business for £8.7m cash and the non-trading Danish subsidiary which owns plant and equipment, for £1.7m cash. In the year to November 30 the

Telford business incurred a trading loss of £385,000 (£1.6m) on turnover of £12.4m (£3m).

The current rights is on a 1-for-6 basis at 406p ordinary share and 313 ordinary for every 4,000 convertible preference. The shares slipped 4p to 484p. After the acquisition and paying down current borrowings of about £22m, BPI will have about £11m of debt. A final dividend of 6.5p makes a total of 10p (9p), payable from earnings of 25.32p (23.79p).

COMMENT

The 1-for-6 cash call, rather than, say, 1-for-3 a little later, suggest that one or two juicy

acquisitions could be in the pipeline. And that's on top of the Sonoco deal which is clearly a logical and positive move. It puts the very focused BPI, six times larger than its nearest competitor, in a much stronger strategic position and should be earnings-enhancing. Margins will improve with the most troublesome competitor out of the way and as general raw material prices rise. Pre-tax forecasts for 1993 range between £14.8m and £15.5m. If earnings per share are 27p, the multiple will be 17.5, if 29p, then 16. Investors will have no trouble deciding to take up their rights in full.

Brierley considers move on Brown Shipley

By Jane Fuller

GPG, the UK investment vehicle for Sir Ron Brierley, the New Zealand entrepreneur, was last night considering launching a full bid for Brown Shipley Holdings, the investment and broking group.

Yesterday it increased its stake in BSH to more than 22 per cent, raising the prospect of a counter-bid to that from BSH's largest shareholder, Kreditbank Luxembourgise. KBL holds 29.8 per cent and last year bought Brown Shipley & Co, the merchant bank, from BSH in a rescue deal.

KBL is offering 30p a share, valuing BSH at £4.8m. GPG has paid 35p a share for the latest 14.8 per cent tranche, which it bought from Mr Giorgio Rossi.

BSH last night said GPG would have to offer not less than 35p in cash.

Mr Rossi resigned from the board of BSH before the KBL bid was announced. He bought shares and joined the board in 1986, when the share price ranged between 400p and 645p.

That was also the year KBL took a 20 per cent stake, for which it paid £23m.

Mr Rossi, a former Credit Italiano banker who lives in

Switzerland, was once a director and had a 6 per cent stake in Guinness Peat, the forerunner of GPG which was relisted in November after nearly two years' suspension.

Mr Rossi sold his Guinness Peat stake in 1983. Yesterday his son Francesco, who works at BSH as a member of the supervisory board, said no connection remained between his father and GPG.

He added that his father had sold his BSH stake simply because "35p is more than 30p. We are very sad to have to take this step. We thought BSH had a future as an independent

company." The first closing date on Thursday for KBL's offer, which is recommended by the BSH board, comes after a convoluted series of events.

It made the offer in the wake of its claims against BSH totaling £2.4m. These arose from the acquisition of Brown Shipley and Co and its liabilities after the sale of Lease Management Services to Woodchester Investments, the Dublin-based leasing and banking group.

More than £1.5m has already been paid to Woodchester out of a total liability of £5m.

INVESTOR AB

YEAR-END REPORT FOR 1992

INVESTOR GROUP INCLUDING SAAB-SCANIA

Investor's net worth rose during the year by 22% to SEK 32,415 (26,491)* million or SEK 178 (145)* per share after full conversion.

Consolidated income after financial items of the Investor Group amounted to SEK 1,482 (2,163)* m. After a shareholders' contribution of SEK 1,400 m. to Saab Automobile and the reversal of deferred tax, net income amounted to SEK 1,163 (1,885)* m.

PORTFOLIO OF STRATEGIC HOLDINGS

The value of Investor's portfolio of strategic holdings, adjusted for net changes, rose during the year by 26% to SEK 23,238 m. The Affärsvärlden General Index declined by 1% during the same period.

At year-end the largest holdings were in Astra, which accounted for 39% of the value of the portfolio, STORA 15%, Incentive 14% and ASEA 11%. The six largest holdings together represented 93% of the portfolio.

SAAB-SCANIA

Consolidated sales of the Saab-Scania Holdings Group amounted to SEK 26,992 (30,015) m. Order bookings rose to SEK 36,000 (27,800) m. The order backlog at year-end was SEK 30,100 (20,000) m.

Operating income after depreciation amounted to SEK 1,233 (1,705)* m. Income after financial items of the business areas amounted to SEK 2,126 (2,249)* m. Consolidated income after financial items was SEK 716 (889)* m.

DIVIDEND

The proposed dividend to be paid to the shareholders is SEK 5.25 per share (5.25).

* Pro forma

This is a summary of Investor's year-end report. The complete report can be obtained from Investor AB, S-103 32 Stockholm, Sweden, telephone +46-8-614 20 00.

Prices for electricity delivered to the purpose of the electricity pooling and sold to the electricity companies in Sweden for the year 1992.

Year	Price (SEK/kWh)	Price (SEK/kWh)	Price (SEK/kWh)
1992	18.51	18.51	18.51
1991	17.25	17.25	17.25
1990	15.51	15.51	15.51
1989	14.25	14.25	14.25
1988	13.01	13.01	13.01
1987	11.75	11.75	11.75
1986	10.51	10.51	10.51
1985	9.25	9.25	9.25
1984	8.01	8.01	8.01
1983	6.75	6.75	6.75
1982	5.51	5.51	5.51
1981	4.25	4.25	4.25
1980	3.01	3.01	3.01
1979	1.75	1.75	1.75
1978	0.51	0.51	0.51
1977	0.25	0.25	0.25
1976	0.01	0.01	0.01
1975	0.01	0.01	0.01
1974	0.01	0.01	0.01
1973	0.01	0.01	0.01
1972	0.01	0.01	0.01
1971	0.01	0.01	0.01
1970	0.01	0.01	0.01
1969	0.01	0.01	0.01
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1959	0.01	0.01	0.01
1958	0.01	0.01	0.01
1957	0.01	0.01	0.01
1956	0.01	0.01	0.01
1955	0.01	0.01	0.01
1954	0.01	0.01	0.01
1953	0.01	0.01	0.01
1952	0.01	0.01	0.01
1951	0.01	0.01	0.01
1950	0.01	0.01	0.01

WESSANEN

KONINKLIJKE WESSANEN NV

CONVOCAZIONE
for the Annual General Meeting of Shareholders
to be held at the Hilton Hotel, Apollon, Amsterdam
at 2 p.m. on Thursday, March 25, 1993.

AGENDA:

1. Opening
2. Report of the Board of Managing Directors for 1992
3. Adoption of the 1992 Annual Accounts, including appropriation of 1992 net income
4. Authorization of the Company to acquire its own shares
5. Re-election of a member of the Supervisory Board
6. Discussion with respect to the prospectus regarding the proposed merger of the Company and NV Koninklijke Distilleerderij Erven Lucas Bols
7. Proposal to amend the articles of association
8. Appointment of members of the Supervisory Board and members of the Board of Directors
9. Any other business and closing

Copies of the full Agenda and the 1992 Annual Report, Annual Accounts and a document concerning the proposed merger between Koninklijke Wessanen NV and NV Koninklijke Distilleerderij Erven Lucas Bols, containing an offer to exchange all outstanding (depository receipts of) ordinary shares NV Koninklijke Distilleerderij Erven Lucas Bols into (depository receipts of) ordinary shares Koninklijke Wessanen NV, are available at the offices of Koninklijke Wessanen NV and, in the United Kingdom, at the offices of Cazanove & Co., European Dept., 12 Tokenhouse Yard, London EC2R 7AN.

The Meeting is open to holders of Priority Shares, Registered Ordinary Shares and Bearer Depository Receipts, and to representatives of the Press upon presentation of their press pass.

As provided for in Article 28 of the Articles of Association, holders of Bearer Depository Receipts for shares issued by the "Stichting Administratiekantoor van aandelen Koninklijke Wessanen NV" are entitled to attend the Meeting in person, or to be represented by a proxy appointed in writing, and may address the Meeting, provided that they have lodged their Bearer Depository Receipts or a receipt given therefor with the ABN-AMRO Bank NV, Herengracht 597, 1017 CE Amsterdam (the Netherlands) by March 22, 1993 and have obtained a receipt which will serve as a ticket of admission to the Meeting.

The Board of Managing Directors
Amstelveen, March 8, 1993

Koninklijke Wessanen NV
P.O. Box 410
1180 AK Amstelveen
The Netherlands



DON'T
TRAVEL
WITHOUT
US.

Acquisitions help Fairey to £17.3m

By Paul Taylor

FAIREY GROUP, the specialist electronics and engineering company, reported a 19 per cent increase in pre-tax profits last year, helped by recent acquisitions and a strong performance by its core electronics and electrical power division.

Pre-tax profits increased by slightly more than expected from £14.5m to £17.3m on sales which expanded 17 per cent to £104.3m (£88.8m). Earnings per share climbed 16 per cent to 32.5p (£28.1p) out of which an increased final dividend of 6.9p

is proposed, making a total of 10.2p (9p) for the year.

Mr John Foulter, chief executive, acknowledged that "1992 was a good year for Fairey, despite the indifferent economic climate". Overall operating profits rose 50 per cent to £15.9m (£13.2m).

Operating profits in the electronics and electrical division jumped almost 42 per cent to £10.7m (£7.56m) including an initial contribution of about £1m from the acquisitions.

Turnover was £86.1m (£39.5m). In contrast the aerospace and defence division, which has been a shrinking business

over the past five years, reported lower operating profits of £2.25m (£2.45m) on turnover which slipped to £22.4m (£24.2m).

The filtration and specialised ceramics division managed to hold steady in difficult markets with operating profits of £2.92m (£3.17m) on turnover which edged ahead to £25.8m (£25.1m).

Despite spending £15.6m in cash on acquisitions during the year the underlying positive cash flow still enabled the group to end the year with net cash of £2.1m, down from £12.7m, a year earlier.

COMMENT

Fairey continues to delight its shareholders. Since coming to market in November 1988 at 155p the stock has climbed steadily to close up 10p at a new high of 580p last night. So far the steady performance has been built on highly selective and well integrated acquisitions, organic growth and a timely restructuring of the aerospace and defence business. The balance sheet remains robust and assuming the management is not now tempted to go for a big acquisition, which would be rather

out of character, further cautious small purchases look likely. If nothing else changes Fairey's recent acquisitions in the electronics field would add another £1m to profits this year, and with more than a third of its business in the US, it stands to be a beneficiary of both the stronger dollar and any US-led recovery. Full year pre-tax profits of about £18.5m look possible producing earnings per share of 34.5p. The stock is trading on a prospective p/e of 17. It is not too cheap, but it is a quality stock which may not have reached the top yet.



Brought to book: John Foulter, who acknowledged Fairey had a good year despite the indifferent economic climate, after reporting a strong performance by core divisions

Alliance & Leics ahead to £122.5m

By John Gapper, Banking Correspondent

ALLIANCE & Leicester Building Society yesterday announced a 23 per cent increase in pre-tax profits last year, from £98.5m to £122.5m, after reducing provisions on its troubled commercial lending book from £117.4m to £49.5m.

The society reduced its overall provisions for bad loans to £203.6m (£215.1m).

The reduction in commercial provisions was offset by a rise in provisions on residential lending to £128.8m (£89.7m) because of house price falls.

It made a steep cut in mortgage lending to £1.26bn (£2.74bn), which it said was due to maintaining a "prudent" lending policy to protect itself from a "step-change" in the level of risk attached to residential lending.

One of the strongest contributors to profit was the Girobank subsidiary, which con-

tributed £84.4m (£48.8m).

The profit was helped by growth in money transmission and a 20 per cent reduction in staff.

Mr Peter White, chief executive, said the society was gradually reducing its exposure to commercial property and lending fell to £570m (£500m). It ceased commercial lending except to develop and sell properties.

Mr White said the society expected to develop its personal banking business aided by Girobank's money transmission facilities. It would try to develop current accounts, and cross-selling of products such as life assurance.

He said the society, which increased its total assets marginally to £30.5bn, was in the first year of a three-year recovery phase.

It had dealt with its commercial lending problems and was well-provisioned against housing losses.

Bristol & West hit by fall in house prices

BRISTOL & West Building Society yesterday announced a 43 per cent fall to £39.1m in pre-tax profits after it was forced to triple provisions for possible bad debts on mortgage lending to £74.1m, writes John Gapper.

The society, the 10th largest by asset size, was affected by the fall in house prices in the south. The bad debt charge, which rose from £24.5m in 1991, cut profits despite a 23 per cent rise in operating profits to £113.2m (£91.9m).

Mr Tony FitzSimons, chief executive, said provisions had risen because the value of many properties on which the society lent has fallen below the level at which repossession losses were absorbed by mortgage indemnity insurance.

Mr FitzSimons said the soci-

ety anticipated a reduction in its provisions for this year unless there was "a significant deterioration" in house prices. It also expected to raise profits in 1993 barring a worsening of the recession. The society confirmed it was planning to sell about two thirds of the 160 branches in estate agent chains Hamptons and Bristol & West Property Services. More will be invested in remaining branches to boost profitability.

Pre-tax profits in the second half were £26m, double those in the first. Mr FitzSimons said they had been "even stronger than anticipated" when the society announced half year figures. He said the society's policy of seeking arrangements with borrowers rather than repossession had led to a rise in arrears of over 12 months.

TV-am asset sale continues

By Raymond Snoddy

TV-AM HAS sold its last significant broadcasting assets - its stake in Virgin Radio, which will launch a national pop channel on April 30.

TV-am bid for the second national commercial radio licence in a joint venture with Mr Richard Branson's Virgin Group at a time when it was trying to put together a portfolio of broadcasting businesses.

Since then the company has decided to sell up and distribute proceeds to shareholders.

At the same time as buying out TV-am's interest in the new station Virgin has brought Apex Partners, a venture capital group which will take up a 25 per cent stake in the new station.

Mr Bruce Gyngeil, TV-am chairman, will step down as chairman of Virgin Radio. No price was disclosed for the deal but it is believed Virgin has paid about £15m.

Recently MTV paid £3.5m to buy TV-am's headquarters.

Cornwell Parker down 22%

CORNWELL PARKER, the furniture and fabrics group, blamed recession for a 22 per cent fall in pre-tax profits for the half year to January 31.

Profits fell from £3.73m to £2.92m on reduced sales of £43.1m (£44.1m).

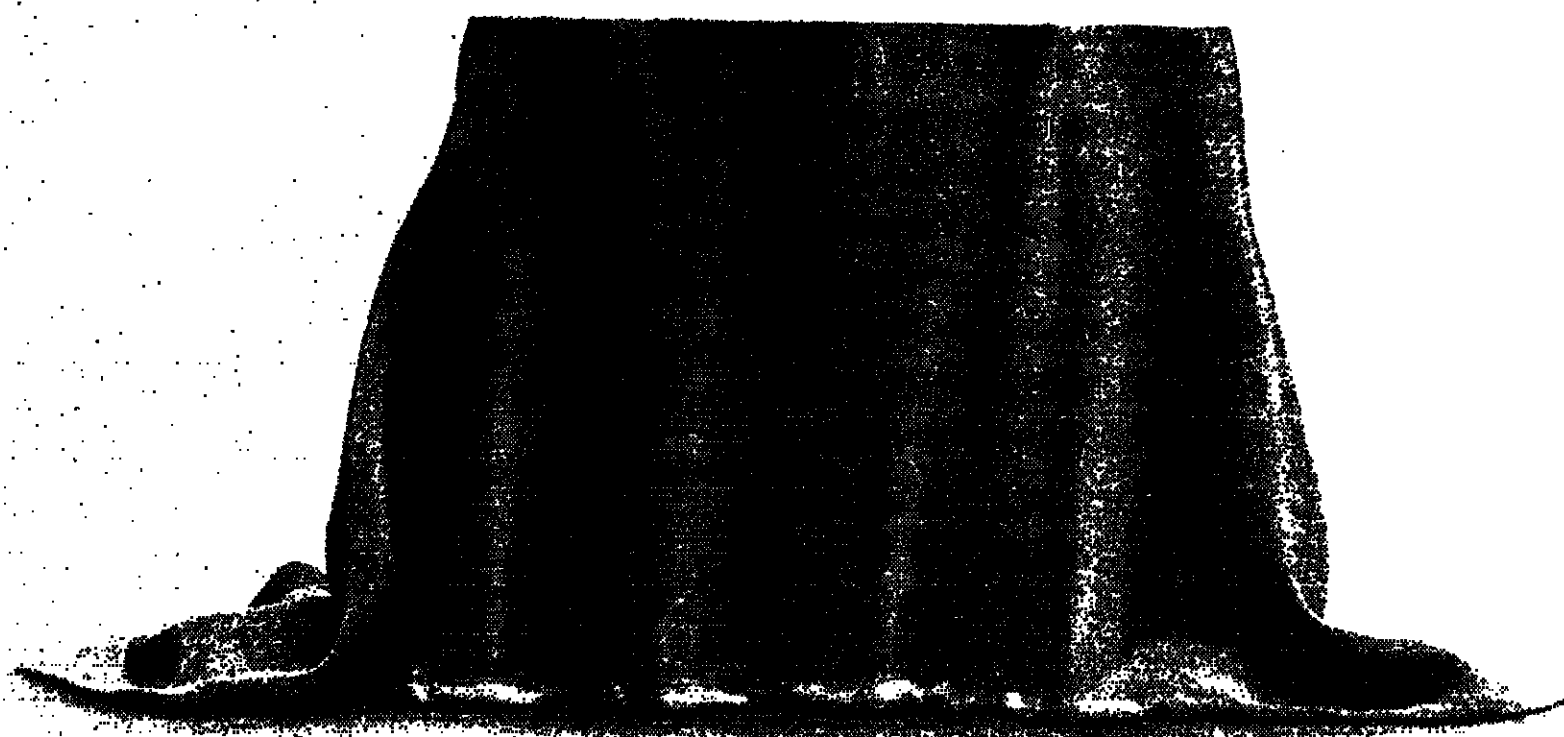
The furniture division started the year with low order books resulting in a fall in revenue in the first six months. Margins, however, were maintained and a trading profit of £2.22m was earned on turnover of £24.8m.

Fabrics made a trading profit of £882,000 on sales of £13.4m. The operation has been affected by the 50 per cent fall in the number of people moving house since 1989.

Borrowings rose from £900,000 to £4.7m, reflecting the acquisition of Fardis, the French furnishing fabric business, giving gearing of 10 per cent.

The interim dividend is maintained at 1.7p, payable from earnings per share of 4.6p (6.2p).

SOME PEOPLE MIGHT
BE IN THE DARK ABOUT
WHICH U.S. BANK
OFFERS THE MOST COMPLETE
RANGE OF PROCESSING
AND OPERATING SERVICES.



PRIME EQUITY GROWTH FUND SICAV

2, boulevard Royal, Luxembourg

DIVIDEND ANNOUNCEMENT

PRIME EQUITY GROWTH FUND will pay out a dividend of US\$ 0.01 per share on March 12, 1993.

Shares are traded Ex-dividend as from March 9th, 1993.

The dividend is payable to holders of bearer shares against presentation of coupon no. 7 to the following:

BANQUE INTERNATIONALE A LUXEMBOURG
2, boulevard Royal, 2553 Luxembourg
GRAND-DUCHY OF LUXEMBOURG

THE BOARD OF DIRECTORS
PRIME EQUITY GROWTH FUND

COMPANY NEWS: UK

FNFC requests banks to extend agreements

By Jane Fuller

FIRST NATIONAL Finance Corporation, the consumer credit group, has written to its 120 banks - to which it owes £1.3bn - asking them to extend or maintain lending agreements while the group's funding is determined.

FNFC is in default on its loans because of what it describes as "trivial" and "technical" breaches of agreements, of which it has more than 100. Mr Martin Mays-Smith, chairman, said the default was not on payment obligations: "We have always paid interest and continue to do so. The only thing that is significant is that the banks have a legal right to immediate repayment."

FNFC is asking the banks to waive the breaches - which are to do with infringements of bans on guarantees between parent and subsidiaries - and to maintain facilities. This includes extending the expiry date on about £250m of loans, due this month, in the group's

main subsidiary, First National Bank. Yesterday the group was composing a letter to shareholders which also deals with changes in circumstances since a £5.5bn rights issue of convertible preference shares was announced on January 15. The issue was necessary to repair a capital base weakened by two years of heavy losses.

The breaches of banking agreements were not disclosed at the time even though most were known about by management and Kleinwort Benson, its merchant bank. It was decided they were not important because they were "old, technical and expected to be remedied in the short-term," as one adviser put it yesterday.

The breaches have prevented £100m being raised through the securitisation of unsecured home improvement loans. This was planned for the first half of this year, the rights issue document said.

The impression was given at the time of the issue that £100m of new term finance

would be made available. This has not come to fruition either. Mr Mays-Smith said on Friday that some banks in one of the syndicates were "fussing a bit". Some of the overseas lenders were under pressure to reduce their UK exposure.

As he faces a period of intense negotiations with the banks, he anticipates there will again be "a few on the periphery who will cause trouble." "There are occasions when a militant minority stop something sensible being done, but that's not very often."

As well as seeking waivers of breaches and extension of facilities, the discussions hope to condense the 100-plus agreements into three - one for the parent and one for each of the main subsidiaries. A firm of management consultants will check internal controls on who can write what into documents, to avoid the contradictions that led to the breaches of banking agreements.

The share price, which rose to 80p last month, was 57p.

Govett advances 31% to \$45.2m

By Philip Coggan, Personal Finance Editor

GOVETT, the financial services company, increased its pre-tax profits by 31 per cent from \$34.6m to \$45.2m (\$31.8m), in a year when it altered its accounting practices to meet US standards.

The main effect of the change was on the group's US insurance subsidiary. Instead of reporting earnings on an embedded value basis, which brings forward a percentage of future profits into the current year, US standards (GAAP) concentrate on cash flows. The result was to reduce stated 1991 profits by \$12.5m.

The group decided to make the change following its issue of an American Depositary Receipt Programme in the US and its plans to seek a quote on Nasdaq, the US over-the-counter share market.

Despite the change, the insurance company was the engine of profits growth in 1992, increasing profits from \$4.8m to \$19.1m. The group's institutional and mutual fund management business also increased profits, from \$12.6m to \$14.3m.

However, there were falls in profits from \$6.5m to \$6m at the venture capital arm (because it completed fewer deals); and investment income also fell, because of lower interest rates and a stagnant stock market, from \$14.1m to \$9.8m. Funds under management grew during the year from \$5.2bn to \$6bn.

The company's share price, 107p at the interim stage, has risen sharply to close at 232p yesterday, helped by the revival of the dollar, a rerating of the fund management sector and the higher profile of the group in the US.

Total net income for the year was \$49.1m (\$38m). After corporate expenses of \$3.9m (\$3.4m), and tax of \$11.2m (\$6m), profits were \$34.1m (\$28.6m). Fully diluted earnings per share rose 25 per cent to 45 cents (36.1 cents). The final dividend of 14.5 cents (13.5 cents) makes a total of 24 cents (22 cents).

Drayton Asia feels fire on its neck

Philip Coggan reports on a bid battle in the investment trust arena

DRAGONS ARE not supposed to be the underdogs. But that is the status of EFM Dragon, the Far East investment trust, which is bidding for Drayton Asia, an opponent twice its size - the relative market capitalisations are £57m and £118m.

Some of the fire in EFM Dragon's bid comes from its big brother, the Coal Board pension fund. It owns 20 per cent of both EFM Dragon and Invesco MIM, and has given its support, in the form of a letter of intent, to the bid.

In addition, it owns 85 per cent of British Investment Trust, which in turn owns 54.3 per cent of Edinburgh Fund Managers, which manages EFM Dragon.

The pension fund's backing has helped EFM get off to a good start. Irrevocable undertakings to accept in respect of 13.8 per cent of the shares have been received from holders such as Co-Operative Insurance and Newton Investment Management. Added to the letters of intent, EFM Dragon already has the backing of 36.7 per cent of the shares.

An important factor may be the perceived unpopularity of Drayton Asia's investment managers, Invesco MIM. There do seem to be times in the investment trust sector when one group comes under repeated attack. It was Touche

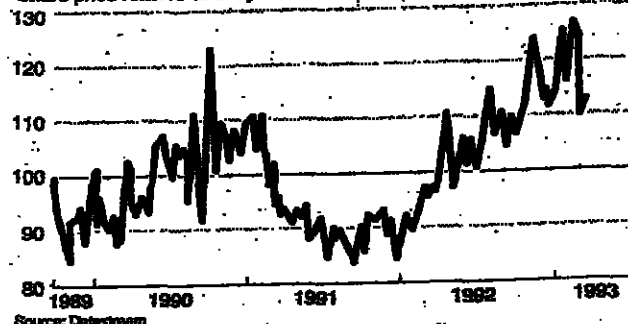
Remnant in the mid-1980s and it seems to be Invesco MIM at present.

The problems of Drayton Consolidated, where Invesco was forced to pay \$9.5m in compensation to shareholders: a fine from IMRO, the investment management regulator; and the group's involvement in the Maxwell affair have all resulted in difficult publicity.

Perhaps investor reluctance to back Invesco MIM led to the shares falling to a discount to

EFM Dragon

Share price relative to Drayton Asia



net asset value, which reached 26.8 per cent at one point in 1992.

When a trust's shares fall to a wide discount, opportunity arises for an outside bidder. A bid just below asset value offers a profit for existing shareholders, plus the chance for a bidder to buy a portfolio at a reasonable price.

EFM Dragon, in contrast, has often seen its shares trade at a premium. In essence, this represents an incentive to expand. EFM could take the option of a placing or a rights issue but it would probably find it impossible to raise as much as it could by buying Drayton Asia, which also comes with a ready-assembled portfolio of Far Eastern stocks.

If the bid succeeds, EFM Dragon argues that investment trust shareholders are only likely to accept a paper offer from another trust if they believe that the bidders are better managers.

As the graph shows, EFM Dragon has clearly outperformed Drayton Asia since the start of 1992. But the Drayton team argues that this outperformance is due to the Dragon policy of gearing up the trust, which improves the perfor-

mance of trusts in bull markets, but damages it in bear markets.

The Drayton team has taken a deliberate decision not to gear up, because it feels the Far East stock markets are volatile enough already. The essence of the Drayton argument is that EFM Dragon may have provided higher rewards, but at the expense of higher risk.

"Gearing is part of management," says Mr Ian Watt of Edinburgh Fund Managers. "We took a bullish view of markets and it worked. But our performance is more due to stock selection and asset allocation."

Whatever the facts on performance, Drayton argues that EFM Dragon is trying to buy the trust on the cheap. Bids for investment trusts are always complex, since the value of a trust, its net asset value, changes each day in line with the shares in its portfolio.

Accordingly, bids are couched in terms of the formula asset value, which is the net asset value, minus the costs associated with the offer. In this case, EFM is offering shares worth 96.4 per cent of Drayton Asia's formula asset value, which in turn is about 3

percentage points less than the target's net asset value.

Drayton also points to the lack of a cash alternative. The value of EFM Dragon's offer thus depends on its shares. If those shares fell to a discount of 9 per cent, the average for the year to March 3, Drayton says the value of EFM's share offer would fall to 86 per cent of its undiluted net asset value.

Mr Lewis Aaron, senior investment trust analyst at SG Warburg Securities backs Drayton on this point. "I think the bid is an opportunistic attack on a fund management group when it is most vulnerable."

"EFM Dragon will probably go to a discount if the bid succeeds, because it will be a much bigger trust. Therefore I think the bid is not high enough and there is not a cash alternative."

But with so many of the Drayton Asia's shareholders backing EFM, the trust realises that these arguments may carry little weight. It is seeking to produce alternative proposals which might give investors better value.

Normally, trusts faced with a predator resort to one of two schemes: unitisation or a split capital structure.

The former turns the fund into a unit trust, which trades at asset value, and can be realised for cash. The latter, by splitting the share capital into more tax-efficient components, may eliminate the discount by creating extra demand for the shares. But the lack of income from Far Eastern stocks may not make a split capital structure possible in this case.

Drayton, unless it can find an alternative bidder, may thus be forced down the unitisation route. But with the bid nearly a month old, it needs to act quickly.

Moorgate Smaller Cos raising £25m

By Philip Coggan, Personal Finance Editor

Moorgate Smaller Companies Investment Trust is raising £25m via a placing of 25m offer units at 100p each.

The units will be exchanged for shares at the trust's undiluted net asset value on the latest date prior to the close of the offer. About 10m of the units will be available for existing shareholders.

The trust believes that the outlook for smaller companies has changed favourably in recent months as interest rates have fallen; the Hoare Govett Smaller Companies Index has risen 11.4 per cent in the first two months of the year, while the FT-A All-Share index rose only 2.4 per cent.

Moorgate Smaller Companies was launched in May 1991, with shares priced at 100p. Yesterday the shares closed at 123½p.

NWRe closure sparks concern over capacity

By Richard Lapper

CONCERN ABOUT a shortage of capacity at the London insurance and reinsurance market is growing in the wake of last week's decision by NWRe to cease underwriting.

NWRe is the latest in a number of withdrawals from the market, where companies frequently do business alongside syndicates at Lloyd's.

The company, jointly owned by Norwich Union, Winterthur of Switzerland and Chiyoda of Japan, announced its closure last Friday. It said its 1992 trading results were "unacceptable", partially due to claims from hurricanes Andrew and Iniki.

The company has also been hit by continuing claims on marine, aviation and liability insurance policies. Some 180 jobs, including 40 in London, will be lost as a result of the decision taken at a board meeting last Wednesday. Established in 1976, NWRe wrote a broad book of London market business, and was a leader in both marine and non-marine reinsurance. Premium income was £110m in 1992.

Underwriters said yesterday the decision could have a substantial impact on the marine liability reinsurance market. Others suggested it could dent the confidence of management at similar sized companies, triggering further closures.

"At a time we are trying to attract new business to London, it will knock people's confidence in the market," said one prominent company underwriter.

Over the last few months, a number of companies, including English & American, Cigna and Yasuda, have either withdrawn from the London market or reduced their involvement.

Nippon Investment intends to introduce Arm into the Japanese business scene. In addition, Sharp Corporation of Japan has been licensed to manufacture and market Arm products on a global basis.

Arm's chief role is to design the chips that are built for it by VLSI Technology, Plessey and Sharp. The Arm chip has already been chosen for Apple Computer's "Newton" personal digital assistant, due for launch later this year.

mance, low cost microprocessors.

Japanese company takes £650,000 stake in Arm

By Alan Cane

A JAPANESE venture capital company is spending \$250,000 to take a stake in Advanced Risc Machines, the Cambridge-based semiconductor company owned by Acorn Computers of the UK together with Apple Computer and VLSI Technology of the US.

Nippon Investment & Finance, a member of the Daiwa Securities Group, is taking the stake in the company because of its technical expertise in designing high perfor-

mance, low cost microprocessors.

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Domestic & General rides the recession

By Richard Lapper

SLUGGISH SALES on the high street failed to restrict growth at Domestic & General.

The USM-traded specialist domestic appliance breakdown insurer yesterday reported a 26 per cent increase in pre-tax profits to £3.43m (£2.73m) for the six months to end-December.

D&G, in which Eagle Star,

the composite insurer, has a 10 per cent stake, lifted the interim dividend by 25 per cent to 7.5p. Earnings per share were also ahead 26 per cent, to 35.5p.

Mr Howard James, managing director, said that the group intended to continue its expansion in the UK, where it has established marketing agreements with leading manufacturers such as Zanussi, Grundig and Electrolux and retailers such as Selfridges and Comet to sell its policies.

He said that most of the group's recent growth reflected an increase in the overall size of the market for domestic appliance insurance.

Even so D&G is beginning to target markets in Europe. It is authorised to underwrite in France and has recently reached agreement with Plus

Ultra, a subsidiary of Norwich Union, to sell policies in Spain.

Gross premiums increased 23 per cent to £26.2m (£21.4m). Other income was up 23 per cent to £265,000 (£217,000).

Underwriting profits amounted to £5.14m (£5.13m). Expenses rose to £5.55m (£5.22m). Net investment income was up 8.9 per cent to £2.86m (£2.63m), despite lower interest rates.

CCS seeks backing for capital reconstruction plan

By Paul Cheeseright, Midlands Correspondent

CCS GROUP, the Staffordshire-based building materials company, is planning a capital reconstruction which, if approved by shareholders and the High Court, will lead to a resumption in the trading of its shares on the USM.

The shares were suspended

at 2p and receivers called in during July 1991.

The latest accounts, for the year to end-October 1992, showed that CCS has accumulated losses of £4.95m. These will be eliminated and a reserve of £17,000 created by a reconstruction which has two principal elements.

The first relates to bank borrowings. Lloyds Bank is con-

solidating all its lending and accumulated interest into one loan of £351,801. Midland Bank, owed £911,974, is converting £300,000 into preference shares carrying interest of 7 per cent initially and redeemable in five tranches from 1996 and converting £100,000 into loan stock, while writing off the balance.

The second element relates to the ordinary shares which have a nominal value of 20p. CCS plans to reduce their value to 2p, by sub-dividing each one into a 2p ordinary and one 10p deferred share and then cancelling the latter. The share premium account of £824,000 will be cancelled.

CCS is now reduced to one trading subsidiary, G Blagg, which is operating profitably.

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INTERIM ANNOUNCEMENT

HIGHLIGHTS OF UNAUDITED CONSOLIDATED RESULTS FOR THE HALF-YEAR ENDED 31ST DECEMBER 1992

	1992 RM Million	1991 RM Million	% Increase
TURNOVER	3,324.6	3,106.8	+7
PROFIT BEFORE TAXATION	374.7	358.8	+4
EARNINGS	170.9	156.4	+9
EXTRAORDINARY PROFITS	1.7	3.9	
	Sen	Sen	
EARNINGS PER SHARE	10.9	10.0	+9
DIVIDENDS PER SHARE - GROSS	3.5	3.5	

Profit before tax for the six months to 31st December 1992 is 4% higher than that for the previous half year. Better results were reported by the Malaysia and Hong Kong Regions and Plantations but weaker performances elsewhere resulted in the slower growth in overall profits for the Group

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	1992 £	1991 £
PRE-TAX PROFITS	6,475,337	2,928,114
SHAREHOLDERS FUNDS	39,509,434	35,211,579
TOTAL ASSETS	1,347,796,555	1,304,190,238

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COMPANY NEWS: UK

Shares advance as uncovered dividend held despite halving of profits to £10.2m

30% rise in house sales for Persimmon

By Andrew Taylor,
Construction Correspondent

MR DUNCAN Davidson, chairman of Persimmon, the York-based housebuilder, said that since the new year the group's house sales had jumped 30 per cent compared with the same period in 1992. This further confirmation of a revival in the UK housing market, together with the fact that group did not announce a rights issue with its results for 1992, sent the shares 5p higher to 240p.

The group also announced it was maintaining its final dividend at 5.8p making an unchanged total of 8.8p. This was despite a drop in earnings per share from 16.8p to 7.8p, pre-tax profits having been halved at £10.2m (£22.3m). Persimmon plans to increase its output from 2,340 homes last year, up from 2,324, to 4,900 homes a year by the mid-1990s, making it one of Britain's five largest housebuilders. Mr Davidson said that it would be in the best interests

of shareholders to finance this expansion from cash flow, improved margins and increased borrowings, although, he could not rule out a rights issue at some stage in the future. Net debt of £33m (£32m) at the end of last year was equivalent to gearing of 26 per cent. Interest payable rose from £2.55m to £4.1m. Persimmon said that profits last year would have been higher but for a £3.1m provision against some of the group's development sites. If

provisions were excluded the dividend was covered 1.23 times it said. Mr Davidson said that the company had sold 1,318 houses during the first two months of this year, compared with 1,028 in the corresponding period last year. However, he remained cautious of talking about a revival in the housing market. "We have seen these sort of gains before only for rises to peter out. Let us hope we are looking at a more sustained increase this time."

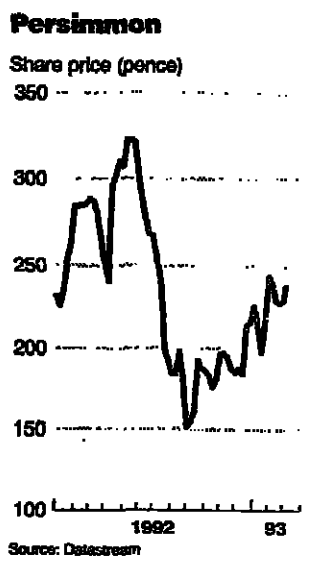
COMMENT

Persimmon, anticipating a revival in house sales, increased the number of sites from which it sells by more than a quarter during the past 18 months. A delay in recovery meant that it was carrying additional overheads last year while net operating margins, before provisions, shrank from 16 per cent to just 9 per cent. The group therefore needs to increase volume sales. Only then will it be able to start reducing sales incentives and

recover some of its lost margin. Improvement in margins is likely to be slow and is not expected to occur until later in the second half, provided the current sales improvement is maintained. The intention to increase gearing rather than raise new equity to support expansion is to be applauded however. Sales of 2,850 homes this year should provide pre-tax profits of at least £16m putting the group on prospective p/e of more than 20. Any improvement is already in the price.



Duncan Davidson: hoping for a more sustained increase



Cost controls help Greggs rise by 15%

By Chris Tighe

GREGGS, the bread, confectionery and savoury products group, reported a 15 per cent rise, from £6.07m to £6.97m, in profits before tax for the 12 months to December 26 1992.

The outcome, which took in a £134,000 loss on a property disposal, was achieved on turnover up 6 per cent to £101m (£95.5m), the first time the company has broken through the £100m barrier.

Describing 1992 as a "much better year", Mr Mike Darrington, managing director, said stable ingredient prices and improved efficiency and cost control had more than offset continuing effects of recession, increased competition and further escalation in rents.

All divisions showed improved performances compared with 1991. The company was trading from 487 outlets at the year end, a net increase of

13. Net cash stood at £8.7m, up £1.7m.

With the volume trend slowly improving and 1993 sales and profit to date ahead of budget and of last year, Mr Darrington expressed cautious optimism despite recent ingredient price increases caused by sterling's devaluation.

However, he urged the government to outlaw "highly inflationary upward-only" rent review clauses: further escalation of rents in 1992 meant the proportion of turnover absorbed by rent was effectively depressing profits by £1.5m a year, compared with five years ago.

Mr Darrington said Greggs hoped to double the size of its core business in the next seven to eight years and diversify into new areas, which he declined to specify.

Earnings per share rose to 40.6p (36.8p). The proposed final dividend is 10p, making a total of 15p (14.125p).

NEWS DIGEST

Doeflex advances to £1.5m

DOEFLEX, the plastic sheet maker, lifted pre-tax profits by 22 per cent to £1.51m in 1992, on turnover ahead by 40 per cent at £26.1m.

The result was achieved in difficult market conditions and was after absorbing two acquisitions - Horizon and Iridon - into the thermoplastic sheet division, directors stated.

The dividend is increased from 4.02p to 4.6p, with a final of 3p. Earnings were ahead 16 per cent from 10.65p to 12.28p.

Group performance continued to be hit by depressed conditions in construction and DIY markets. Results so far in the current year showed intense competition in many UK markets but better volume and profitability overseas.

Sharp recovery as RPS makes £0.73m

RPS Group, the USM-traded environmental consultancy, moved back into the black over the 1992 year following a "very successful year" according to Mr Roger Looker, chairman.

Profits before tax amounted to £727,000 against losses last time of £493,000. Turnover dipped to £7.52m (£8.63m).

Reorganisation at the beginning of the year resulted in significantly reduced overheads and a 29 per cent reduction in average staff numbers. Gearing fell from 40 per cent to negligible levels by end-December, Mr Looker said.

The proposed final dividend is doubled to 1.3p making 2.2p (2p) for the year, covered twice by earnings of 4.82p (losses of 3.36p) per share.

Merchants Trust net assets ahead

The net asset value of The Merchants Trust rose from 213.37p to 234.34p per share over the 12 months to January 31.

Available revenue was virtually unchanged at £11m (£11.1m), equivalent to earnings of 10.76p (10.84p) per share. A recommended final of 2.65p lifts the total for the year to 10.6p (10p).

High-Point returns to the black

Rationalisation and cost-cutting measures enabled High-Point, the consulting engineer, to return to profit in the six months to November 30, with a pre-tax surplus of £166,000, against a £84,000 loss last time.

Operating profit was £1.06m, with £989,000 from continuing operations.

Despite the improvement however, there is no interim dividend. Last year's payment was 1.5p but no final was proposed.

Turnover was lower at £26.1m (£28.1m), including £21.2m (£21.5m) from continu-

ing operations. Earnings per share came to 3.09p (1.04p losses).

The results were prepared in accordance with FRS 3.

Clondalkin slips to £13.4m

Clondalkin Group, the Dublin-based printing and packaging company, reported 1992 pre-tax profits easing from £13.6m to £13.4m (£13.7m).

Trading was difficult throughout the year - particularly in the second half - leaving turnover down at £149.6m (£151.1m). Earnings per share were 28.39p (25.06p) and the proposed final dividend of 2.88p makes a total for the year of 4.732p (4.381p).

Jarvis Porter makes £6m purchases

Jarvis Porter, the Leeds-based printing and packaging group, had increased its share of the self-adhesive labels market, with the purchase of Dolphin from the Williams Lea Group and Irwin Packaging for £6.1m.

Readymix shows drop in margins

Readymix, the Irish building materials group, reported pre-tax profits down from £23.63m to £23m (£23.09m) for 1992, on lower turnover of £30.8m (£31.7m).

The directors said that in "one of the toughest and most competitive years" experienced, the group maintained its market share and position in the industry.

The dividend is raised by 5.5 per cent, a final of 2.35p making a total of 2.91p (2.76p), more than twice covered by earnings of 6.57p (6.05p) per share.

Platon in talks with third parties

Platon International, the USM-quoted instrumentation group which has rejected an offer from Wills Group, confirmed that it has received approaches from third parties and was in talks which may or may not lead to an alternative offer.

Last Friday, Wills, an industrial, electronic and automotive products company, announced that it had acquired 30,000 Platon ordinary shares (0.03 per cent) at 26½p each. Wills has received irrevocable undertakings to accept the offer from shareholders holding a further 15.7 per cent of the equity.

Seton pays £2.8m for Boots brands

Seton Healthcare Group has acquired 10 over-the-counter brands from Crookes Healthcare, the Boots offshoot.

Consideration for the products, which include Famel cough remedy, Acriflex anti-septic cream and Sea Legs travel sickness remedy, amounted to £2.8m cash.

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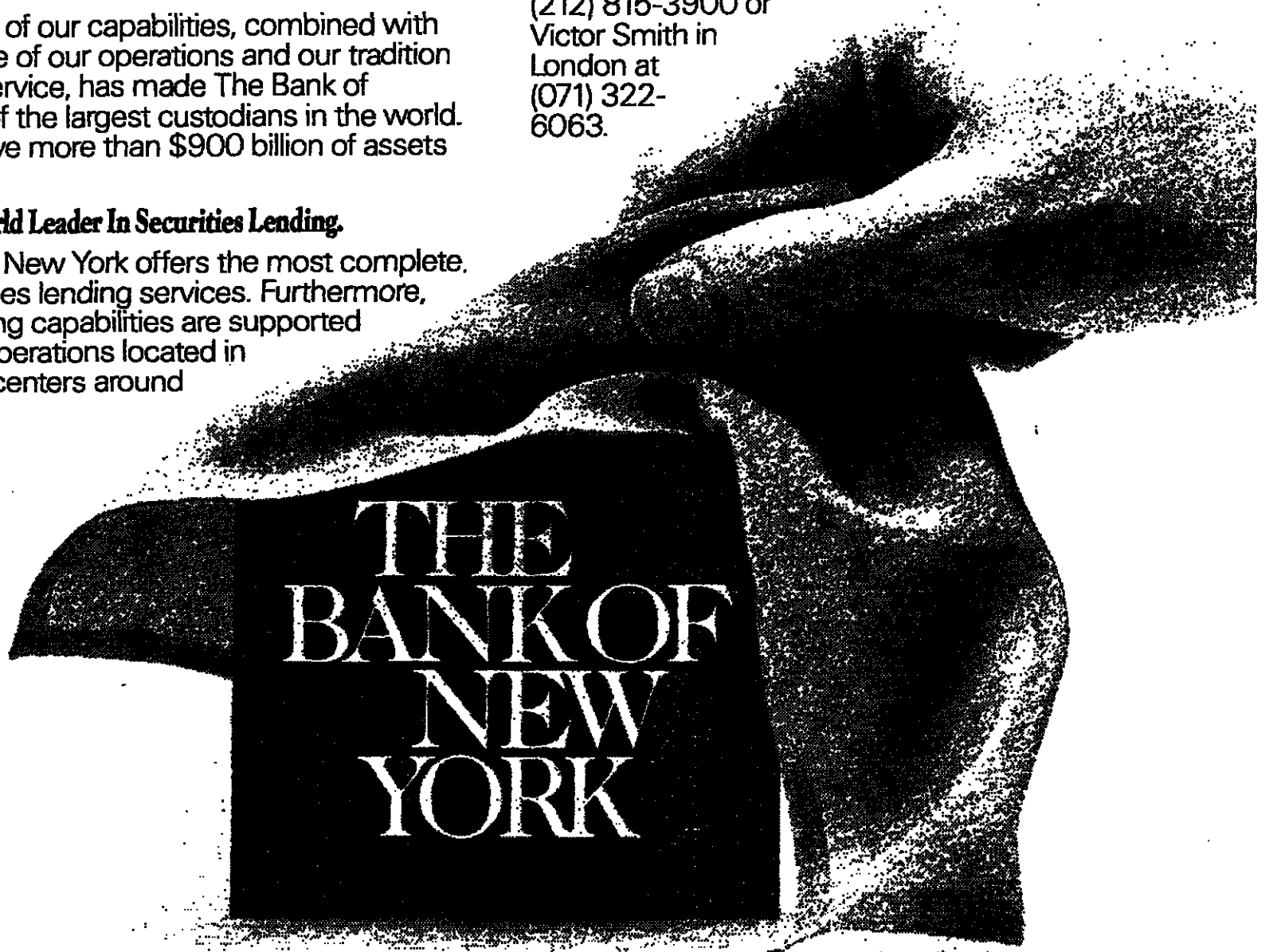
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COMMODITIES AND AGRICULTURE

Supply-demand worries push oil prices lower

By Deborah Hargreaves

AN ACTIVE OIL market pushed prices for North Sea Brent crude down by 25 cents yesterday to \$19.20 a barrel for April delivery as traders worried about low demand and high output.

The monthly oil report from the International Energy Agency, the west's oil watchdog, provided the focus for market fears and triggered a sell-off.

The report highlighted the

weakness of oil demand by pointing to an increase of only 100,000 barrels a day in OECD consumption in the first quarter - a rise of only 0.5 per cent compared with the same period last year.

At the same time, the IEA estimated that production by the Organisation of Petroleum Exporting Countries rose to 25.3m b/d in February from 25.2m b/d in January. Opec has agreed to cut output to 23.5m b/d from the beginning of this month.

Within the Opec production forecasts, traders were concerned at the high level of Iranian output, estimated to have reached 3.5m b/d last month, with Kuwait pumping 1.7m b/d. Oil prices have risen by at least \$1 a barrel in the past few weeks as Opec has reassessed its commitment to cut production. "We've travelled some distance on the back of rhetoric, but I don't think we've broken down yet," said Mr Peter Gignoux, who runs Smith Barney's energy desk in London.

US smelters' power supply problem may continue

By Laurie Morse in Chicago

A DROUGHT-induced electricity shortage that has cut aluminium production in the Pacific north-west US by about 25 per cent may continue through this year, causing smelters to scramble to find alternative power sources or keep production capacity mothballed. With world aluminium supplies burdensome, the output reductions are not likely to support prices, but the economic impact on the region and individual producers is significant.

The Bonneville Power Administration, the federal agency that markets electricity from more than 30 dams in the Northwest has begun a "temporary" energy curtailments to aluminium producers on January 16. Now, with spring thaw approaching, and water levels rising, power officials and aluminium industry executives say the situation may not improve to the point where it pays to restart closed aluminium plants.

"I expect current power supply problems will last at least until the end of this year," said Mr John Carr, executive director of Direct Service Industries, the organisation that represents eight aluminium companies and other industrial users arranging power contracts with Bonneville.

Of eight aluminium companies in the region, two, Reynolds and Alcan, did not cut production after the announcement. Reynolds' Troutdale smelter was already shut in response to low prices, leaving power available to its second plant. Privately-owned Northwest Aluminium is buying higher-cost alternative power to maintain output. However, since January, Kaiser Aluminium's two smelters have reduced annual capacity by about 60,000 tonnes, the Alcan unit of Alcan has cut output by 80,000 tonnes, Alcoa's is down about 42,000 tonnes, and Columbia Ventures and Columbia Falls aluminium have each pared output by more than 40,000 tonnes.

Mr Jack Speers, power manager at Alcoa, said Bonneville might have power available to provide full service to smelters for 8 to 10 weeks in late April and May, the annual "fish flush" period when dams release water to sustain salmon migration. However, with the cost of restarting a pot line around \$1m and no assurance that full power will be available through the summer, "it's unlikely that we would bring potlines up again," he said.

Pound's slide brings arable bonanza

David Blackwell on the transformed outlook for some UK farmers

THE DEVALUATION of the "green pound" by more than 20 per cent since September has transformed the outlook for profit on UK arable farms this year, more than wiping out the effect of reforms to the European Community's common agricultural policy.

Figures given at a London conference last month before last week's further 1.3 per cent devaluation of the green pound - showed that a 200-hectare (500-acre) mainly cereal farm getting average yields, which earned £18,000 before CAP reform, had been facing a drop in income to only £7,000 this year. But the UK's withdrawal from the exchange rate mechanism and the subsequent devaluation of the pound had pushed prospective earnings up to about £33,000.

The figures given for a similar-sized farm achieving above average yields were £38,000 before CAP reform, £13,000 after and £45,000 since devaluation.

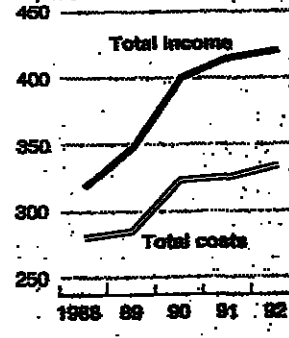
Mr Bill Hall, head of the Agricultural Development and Advisory Service, described the figures as "quite remarkable". Farms that had been quaking in their viability had seen their profit prospects jump fourfold, he told the conference.

Under the CAP reforms, aid is being switched to area payments while intervention prices are cut. The green pound system is used to convert EC support prices, which are set in European currency units, into national currencies.

In the past the green rate was set each year by EC farm ministers, but since the advent of the Single European Market on January 1 it is being revised at

Sentry farming

£ per acre



the end of each month.

Mr Andrew Mason, managing director of Sentry, a farm management company with 44,000 acres under its control, believed the devaluation had created a unique "window of opportunity" for the UK farmer. "We have a one to two year period when profitability for UK arable agriculture has increased very substantially," he said.

He outlined the increased prices he was expecting for the year. The market value of oilseeds had risen from £100 to £140 a tonne, while the EC acreage payment had risen from £155 to £185. Basic feed wheat was selling for £93 a tonne in September; now it was fetching £120 a tonne, while the acreage payment had gone from £47 to £55. The market price of pulses had moved from £90 to nearly £110, while the acreage payment was up to £155 from £125.

Sentry will also be setting aside 8 per cent of its land, equal to 15 per cent of its grain area, and is expecting about £100 an acre for 3,000 acres.

"We were already making a profit," said Mr Mason. "Now we expect a 20 to 25 per cent rise in our margins this year, with cost increases basically nil. The seeds were there, the fertiliser was paid for at a fixed price and contracts were signed."

Sentry, which made £200,000 on turnover of about £5m last year, predicts profits this year of £1.1m. Mr Mason attributed half the increase to the green pound and half to expansion and improved efficiency.

Booker Farming, with 50,000 acres farmed and managed, estimated last month that a 500-acre farm's profits would be bolstered from £17,474 to £33,474 through the green pound effect.

Mr Malcolm McAllister, managing director, warned, however, that by 1995 the same farm's earnings would be down to just under £19,000 as the CAP reforms began to bite and the inflationary pressures on inputs came through. "The costs of the pound will eventually hit agriculture very very hard."

The importance of the currency factor is illustrated by Booker Farming's decision this year for the first time to hedge the Ecu against the pound. "We have locked in half our area aid payments, including set-aside," Mr McAllister said.

Farming is becoming a very detailed business, with computers as necessary as tractors. Sentry has computerised records for every input in every field - routine at this level of the business.

But it is now as important to watch currency fluctuations as

the weather. "Profits will be extremely dependent on the way the pound moves. Until we either rejoin the ERM or some other mechanism volatility is going to be there in the prices we achieve," said Adams's Mr Hall. EC payments are dependent on the level of the pound on July 1.

It was inevitable that producers would have to cope with more ups and downs than they had been used to. Mr Hall warned. He also foresaw further reforms to the CAP - perhaps an increase in the amount of land to be set aside.

Such pressure would lead to an increase in contract farming with companies like Booker, which took 25 per cent more land last year. Mr Hall said farmers had to realise that contractors could look after a farm at £80 to £100 an acre. "That is the bottom line competition, if you want to be competitive."

Mr McAllister said farmers were turning to contracting to eliminate the risk of running their own enterprise and guarantee a foreseeable income. For those who wanted to remain independent he warned that this year's expected windfall profit should not be seen as an opportunity to spend too much on reinvestment. "You are immediately raising costs, even though the interest rates are low, by taking on a lot more depreciation. I would say don't use the money to restructure your business."

Mr Mason also warned against complacency. "The message is you have an opportunity to put yourself right. But be quick - it's going to get very much harder very quickly."

Uniform CIS pipeline rules urged

By Deborah Hargreaves

THE FORMER Soviet Union must agree uniform rules covering its oil pipeline network or billions of dollars of western investment in the country's oil industry will be jeopardised, according to a report by the World Bank.

"Transport issues are first and foremost in deciding western investment. It is crucial that a regime is worked out," said Mr Richard Hildahl, pipeline expert from Ernst and Young in San Francisco and one of the report's authors.

Western companies such as Chevron, British Petroleum and Amoco are considering expenditure of at least \$100m on pipeline links to export oil from joint ventures in former Soviet republics, but they need a stable framework for transport to be agreed in advance.

The break-up of the Soviet Union means that the republics control each part of the national pipeline network that runs across their territory. This leads to varying tariffs for oil transport, increased bureaucracy and frequent road payment between republics over payment.

Russia has recently finalised

Azerbaijan's oil minister has begun talks in Ankara that will focus on proposals to build a pipeline to Turkey's Mediterranean coast, according to a Turkish official, reports Reuters. He said Azeri oil minister Mr Sabit Bagirov would meet Turkish foreign minister Mr Hikmet Cetin and officials from the state petroleum company Botas. Talks on piping Azeri oil to Turkey's Yumurtalik terminal had so far been positive and a statement would be made next Monday, he added. One problem has been the choice of route. Turkish officials say the Azeris do not want a pipeline to pass through Armenia because of the war in Azerbaijan's Armenian-dominated enclave of Nagorno-Karabakh.

a deal after a bitter dispute with the Ukraine over the gas pipeline that runs to western Europe over the Ukraine.

Mr Hildahl stresses that it would be fairly easy for the republics to agree a common framework in which the pipeline system could operate.

The World Bank recommendations will be presented to Russia's Ministry of Fuel and Power, Transneft, the pipeline company, and all of the republics next month.

The report strongly advocates the creation of joint-stock companies for each republic's transit system. In this way, the republics could then swap shares in their local pipeline network for shares in Russia's Transneft. The cross-shareholdings would mean the transportation system starts to

operate as more of an integrated network. This would have to be backed up by regulation of transit prices and investment plans in order to secure as much flexibility in the system as possible.

In addition, local companies that have difficulties securing payment of transit tariffs from oil producers and refiners would be allowed to sell part of the oil in the pipeline as payment.

Mr Hildahl also points out that local pipeline associations must have assets such as pumping stations and property rights transferred to them.

The World Bank is expected to make its recommendations contingent on further aid for oil projects in the former Soviet Union.

Extension sought to olive oil pact

By Frances Williams in Geneva

OLIVE OIL producers and consumers are meeting in Geneva this week to agree a five-year extension to the 1986 International Agreement on Olive Oil and Table Olives. The existing United Nations accord, which is designed to foster development of the industry and has no price stabilisation provisions, expires at the end of this year.

The draft protocol to extend the agreement was approved last November by the Madrid-based International Olive Oil Council, and is not controver-

sial. The nine members of the accord - Algeria, Cyprus, the European Community, Egypt, Israel, Morocco, Tunisia, Turkey and the former Yugoslavia - account for more than 96 per cent of world exports of olive oil and 87 per cent of world exports of table olives.

The EC is by far the biggest producer, consumer and exporter of olive oil, with Greece, Italy and Spain accounting for three-quarters of world output and half world exports. Since the early 1980s, Spain has displaced Italy as the biggest EC exporter, with a third of world exports, but outside the EC it is matched by

Tunisia which also has a one-third export share.

Spain is the biggest producer and exporter of table olives, with 45 per cent of world exports, followed by Morocco with 24 per cent.

The EC also imports large quantities of olive oil and table olives, accounting for 30 per cent of world olive oil imports - but the US is close behind.

Olive oil makes up 6 per cent by volume of all fluid edible vegetable oil traded but represents 23 per cent by value (including intra-EC trade). Olive oil prices rose sharply between 1985-86 and 1990-91, declining slightly in 1991-92.

Tractor registrations fall another 6.4%

By Andrew Baxter

TRACTOR registrations in the UK fell 6.4 per cent last year to a historic low of 14,296, further underlining the extreme concern of Britain's farmers over their future, according to the London-based Corporate Intelligence Group. Last year's total compared with 15,280 in 1991, and with 39,703 when the market peaked in 1988. The figures are pro-

duced by the Agricultural Equipment Association.

The group said the market held up better in livestock areas such as the West Midlands and Wales. This was because the dairy industry was in a period of great change, with some farmers building themselves a future with the latest equipment, while others were leaving the industry.

"In the long term there will certainly be many fewer pro-

ducers in the UK, but in the short term the level of investment in machinery is quite high," said the group.

Beef producers were also reasonably confident about slightly higher prices this year because of the UK's position within the EC's system of supports for beef rearing. Eastern England and Yorkshire, where cereals are dominant, showed the biggest falls in tractor registrations last year.

The trend in favour of larger tractors continued with farmers "trading up" to save labour.

Registrations in the 101-120 hp range rose 14.1 per cent to 1,676, while the 71-90 hp category fell 24.7 per cent to 2,959. "Simple replacement with a machine of the same size but featuring a smarter cab is a luxury of the past," said the group. "Every pound spent has to be carefully considered."

FAO cuts estimate of tropical forest loss

By David Blackwell

THE UN's Food and Agriculture organisation has reduced its estimate of the rate at which tropical forests were being cut down in the 1990s. But it still puts the annual loss at a much higher level than at

the start of the decade.

The FAO's new estimate of 15.6m hectares a year is down from the interim figure of 18.9m ha presented to the Earth Summit in Rio de Janeiro last year, but well above the 11.4m ha of 1980. It now estimates that the area

lost between 1981 and 1990 was 15.6m ha, leaving 1.75bn ha, or 37 per cent of the planet, covered in tropical forest.

Most of the loss is attributed to population growth and rural poverty, resulting in land clearance for agriculture. The organisation estimates that at

least 10m ha a year will have to be cleared for agriculture because of population pressures up to the year 2050.

Worldwide re-afforestation is put at only 18m ha for the whole of the 1990s. In Europe the forested area is put at 143m ha, up from 137m ha in 1980.

WORLD COMMODITIES PRICES

MARKET REPORT

GOLD was fixed at \$327.50 a troy ounce on the London bullion market after a fixing session stretching over 40 minutes following US fund selling on Comex and to a lesser extent in London, dealers said. The fix and subsequent trading edged gold just below the \$328-\$330 an ounce range which had become well established in the past couple of weeks. Some analysts believe the market could now slip through the \$320s if stop-loss selling continues in the absence of resolute buying. Three-month COPPER moved above \$2.150

a tonne on the LME, helped by trends in New York, where sentiment has been lifted by the recent positive US employment report. Three-month ALUMINIUM moved below \$1,180 a tonne, while three-month NICKEL moved above \$6,000 a tonne. London COCOA edged ahead on the absence of the selling which pushed May below \$700 a tonne last week. Last week's Geneva negotiations on an international agreement were already discounted.

Compiled from Reuters

London Markets

SPOT MARKETS			
Commodity	Unit	Price	Change
Crude oil (per barrel FOB)(Apr)	Barrel	19.20	+0.05
Dubai	Barrel	18.69-4.74	-3.65
Brent Blend (dated)	Barrel	18.23-9.25	-3.05
WTI (15 Apr)	Barrel	19.13-14.15	-3.35
WTI (1 Apr)	Barrel	20.60-0.64	-3.65
OIL PRODUCTS			
Oil (prompt delivery per tonne CIF)	Tonne		
Premium Gasoline	Barrel	197-200	-0.5
Gas Oil	Barrel	177-178	-0.4
Heavy Fuel Oil	Barrel	57-59	
Naphtha	Barrel	173-174	-0.4
Petroleum Argus Estimates			
Other			
Cash (per troy oz)	Troy oz	327.15	-2.8
Silver (per troy oz)	Troy oz	357.00	-4.0
Platinum (per troy oz)	Troy oz	534.18	-2.45
Palladium (per troy oz)	Troy oz	104.35	-0.4
Gold (US Producer)	Barrel	86.50	
Lead (US Producer)	Barrel	33.25	-1.15
Tin (Kuala Lumpur market)	Barrel	14.60	+0.12
Tin (New York)	Barrel	262.50	
Zinc (US Producer)	Barrel	60.00	
Cattle (live weight)	Barrel	130.00	+3.95
Sheep (live weight)	Barrel	120.87	-0.39
Pigs (live weight)	Barrel	92.00	+3.78
CRUDE OIL - IPE \$/barrel			
Commodity	Unit	Price	Change
April	Barrel	18.21	18.37
May	Barrel	19.15	19.35
June	Barrel	19.21	19.31
July	Barrel	19.24	19.40
August	Barrel	19.21	19.40
September	Barrel	19.24	19.41
October	Barrel	19.24	19.41
November	Barrel	19.24	19.41
December	Barrel	19.24	19.41
CRUDE OIL - IPE \$/barrel			
Commodity	Unit	Price	Change
April	Barrel	17.50	17.65
May	Barrel	17.75	17.90
June	Barrel	17.75	17.90
July	Barrel	17.75	17.90
August	Barrel	17.75	17.90
September	Barrel	17.75	17.90
October	Barrel	17.75	17.90
November	Barrel	17.75	17.90
December	Barrel	17.75	17.90
CRUDE OIL - IPE \$/barrel			
Commodity	Unit	Price	Change
April	Barrel	17.50	17.65
May	Barrel	17.75	17.90
June	Barrel	17.75	17.90
July	Barrel	17.75	17.90
August	Barrel	17.75	17.90
September	Barrel	17.75	17.90
October	Barrel	17.75	17.90
November	Barrel	17.75	17.90
December	Barrel	17.75	17.90

COCOA - London POX \$/tonne			
Commodity	Unit	Price	Change
March	Tonne	707	707
April	Tonne	714	714
May	Tonne	725	725
June	Tonne	731	731
July	Tonne	731	731
August	Tonne	731	731
September	Tonne	731	731
October	Tonne	731	731
November	Tonne	731	731
December	Tonne	731	731
COPPER - London POX \$/tonne			
Commodity	Unit	Price	Change
March	Tonne	964	964
April	Tonne	964	964
May	Tonne	964	964
June	Tonne	964	964
July	Tonne	964	964
August	Tonne	964	964
September	Tonne	964	964
October	Tonne	964	964
November	Tonne	964	964
December	Tonne	964	964
COPPER - London POX \$/tonne			
Commodity	Unit	Price	Change
March	Tonne	964	964
April	Tonne	964	964
May	Tonne	964	964
June	Tonne	964	964
July	Tonne	964	964
August	Tonne	964	964
September	Tonne	964	964
October	Tonne	964	964
November	Tonne	964	964
December	Tonne	964	964

COCOA - London POX				£/tonne
	Close	Previous	High/Low	
Mar	707	688	707 700	
May	714	708	717 711	
Jul	725	721	728 725	
Sep	737	733	741 734	
Dec	757	751	758 752	
Mar	776	771	776 772	
May	789	785	791 786	
Jul	804	800	806 803	
Sep	819	815	821 818	
Dec	844		844	
Turnover: 3414 (7051) lots of 10 tonnes				
KCOO indicator prices (\$0R/s per tonne). Daily price for Mar 8 702.85 (703.54) 10 day average for Mar 5 735.71 (738.29)				
COPPER - London POX				\$/tonne
	Close	Previous	High/Low	
Mar	964	1000	967 950	
May	922	940	935 905	
Jul	900	905	902 882	
Sep	907	910	907 903	
Nov	918		912	
Jan	922	930	922	
Turnover: 5673 (1842) lots of 5 tonnes				
IOO indicator prices (US cents per pound) for Mar 5 Comp. daily 56.81 (57.54) 15 day average 57.54 (57.82)				
POTATOES - London POX				£/tonne
	Close	Previous	High/Low	
Apr	40.0	40.0	40.0 39.8	
Turnover 8 (98) lots of 20 tonnes.				
SOYABEAN - London POX				£/tonne
	Close	Previous	High/Low	
Apr	161.00			
Turnover 0 (0) lots of 20 tonnes.				
FRONTOY - London POX				\$/100index point
	Close	Previous	High/Low	
Mar	1410	1410	1415 1407	
Apr	1408	1410	1420 1408	
May	1370	1370	1375 1370	
Jul	1470	1470	1475 1470	
Oct	1392	1390	1389 1392	
BFI	1389	1385	1389	
Turnover 186 (235)				
GRAINS - London POX				£/tonne
	Close	Previous	High/Low	
Wheat	144.00	144.00	144.50 144.50	
May	144.50	144.25	145.50 144.50	
Jul	147.00	147.00	147.45 147.00	
Nov	110.75	111.00	110.75	
Barley <th>£/tonne</th>				£/tonne
	Close	Previous	High/Low	
Mar	141.25	141.00	141.25 141.25	
Sep	100.85	100.70	100.85 100.85	
Nov	109.50		109.50 109.40	
Mar	114.80		114.90 114.80	
Turnover: 7144 (182), Barley 90 (53).				
Turnover lots of 100 Tonnes.				
PUGS - London POX (Cash Settlement) p/g				
	Close	Previous	High/Low	
Apr	116.7	116.5	118.0	
May	113.0	115.0	116.0	
Nov	112.0	112.0	112.5 112.0	
Aug	107.0	105.5	106.0	
Turnover: 42 (72) lots of 3.250 kg				

FT-SE Actuaries Share Indices THE UK SERIES

FT-SE Actuaries Share Indices THE UK SERIES

1 CAPITAL BODIES(21)	262.44	+0.5	267.48	261.54	261.08	260.24	5.83	5.93	22.41
2 Banking Institutions(27)	291.82	—	291.34	290.51	290.75	290.66	5.53	5.53	26.07
3 Contracting, Construction(25)	264.98	+0.3	622.43	622.65	625.76	611.30	3.00	5.93	60.01
4 Electrical(14)	2771.86	+0.6	2754.07	2748.85	2721.55	2621.53	5.27	5.23	25.00
5 Electronics(36)	2819.10	+0.1	2716.73	2698.44	2781.51	1680.73	6.08	3.26	20.81
6 Engineering-Aerospace(7)	365.33	+0.9	381.94	359.26	355.52	350.07	9.58	4.90	13.16
7 Engineering-General(16)	262.38	+0.6	558.11	557.23	559.01	501.64	7.06	4.24	18.11
8 Metals & Metal Forming(11)	324.65	+0.5	327.17	327.17	329.07	324.42	6.41	3.33	16.25
9 Motors(18)	404.61	+0.1	403.62	400.52	402.26	391.51	4.90	5.83	20.02
10 Other Industries(18)	2113.66	+1.0	2092.16	2078.76	2088.54	1519.84	5.80	4.03	29.84
21 CONSUMER GROUPS(22)	1738.78	+1	1729.01	1713.06	1718.93	1611.94	6.17	3.46	18.37
22 Grocers and Dealers(28)	2003.03	+2.7	1590.51	1546.13	1947.21	2121.80	8.41	3.79	14.50
23 Food Manufacturers(29)	1456.69	+0.8	1472.82	1441.04	1441.78	1278.78	7.23	3.85	17.23
24 Toys Retailers(10)	202.38	+1.4	207.57	207.48	208.28	206.50	7.86	3.15	17.02
25 Health & Household(23)	3737.35	+2.3	3747.87	3815.16	3814.78	3625.81	6.91	5.07	22.50
29 Hotels and Lodging(28)	1358.41	+0.6	1350.36	1347.10	1354.78	1328.42	5.91	5.07	22.50
30 Media(33)	1908.21	+1.0	1888.23	1887.85	1897.46	1656.56	5.46	2.83	23.83
31 Packaging and Paper(23)	864.47	+0.4	860.84	858.28	851.31	760.90	6.23	3.81	15.79
34 Chemicals(34)	1165.26	+1.4	1144.16	1135.01	1143.51	1064.91	6.17	3.13	21.43
35 Textiles(10)	800.98	+0.3	793.37	794.24	793.37	652.67	6.14	3.98	20.01
40 OTHER GROUPS(142)	1545.50	+1.0	1530.51	1501.18	1524.37	1254.94	7.82	4.28	15.78
41 Business Services(17)	1697.14	+0.7	1685.96	1671.18	1689.69	1522.42	5.29	3.05	22.34
42 Chemicals(23)	1555.72	+0.1	1554.67	1554.49	1548.00	1495.57	5.65	4.70	22.45
43 Conglomerates(11)	1336.89	+1.1	1320.12	1308.01	1310.07	1383.91	6.78	5.22	16.68
44 Transportation(16)	2907.59	+0.9	2922.46	2925.85	2938.67	2421.17	7.25	4.04	16.67
45 Electricity(16)	1740.58	+0.4	1737.57	1860.39	1870.37	1722.29	12.80	4.42	10.20
46 Telecommunications(14)	1924.58	+1.7	1758.17	1758.17	1761.03	1610.55	7.29	3.78	17.88
47 Wharft(13)	3536.25	+1.8	3538.18	3502.27	3499.29	2440.62	6.10	4.70	11.70
48 Miscellaneous(32)	2464.12	+1.2	2429.87	2407.42	2432.03	1815.86	5.92	4.16	21.29
49 INDUSTRIAL GROUPS(9)	1460.02	+0.5	1476.17	1488.03	1471.85	1314.80	6.90	3.91	17.96
51 Oil & Coal(10)	2441.30	+0.6	2426.10	2413.78	2421.55	2040.79	5.88	5.22	22.11
59 "NON" SHARE INDEXES(3)	1576.78	+0.9	1592.63	1554.69	1558.31	1320.43	6.84	4.05	18.31
61 FINANCIAL GROUPS(9)	1022.82	+1.5	997.69	975.32	963.36	738.22	3.18	4.47	57.38
62 Banks(3)	1384.46	+1.9	1357.74	1343.80	1351.52	893.56	4.77	4.07	30.36
65 Insurance-Life(15)	2024.74	+1.8	2017.72	2007.36	2008.81	1449.21	2.47	4.43	74.15
66 Insurance-Compagnies(7)	896.44	+1.4	857.52	853.33	859.65	697.26	4.96	4.96	5.96
67 Insurance-Broker(10)	611.58	+1.8	797.21	791.81	794.96	587.22	7.24	5.58	18.64
68 Merchant-Bankers(9)	617.69	+0.6	617.81	612.64	608.14	488.12	6.85	5.70	17.30
69 Property(23)	760.32	+0.7	746.11	741.06	746.11	635.47	6.35	5.34	19.19
70 Other Financial(23)	345.32	+0.4	343.85	342.94	342.52	246.13	6.35	5.97	18.67
71 Investment Trusts(167)	1471.90	+1.0	1462.23	1461.40	1465.54	1180.21	2.25	2.96	44.47
79 FT-A ALL-SHARES(7)	1438.22	+1.7	1424.13	1415.75	1417.12	1225.54	5.18	4.08	20.72

Hourly movements										Flight/day	Load factor
	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00		
7-EE 100	2923.9	2928.5	2928.4	2930.5	2928.7	2929.3	2945.0	2940.6	2956.2	9584.3	2923.9
7-EE Mid 250	3112.5	3115.9	3116.3	3116.7	3114.0	3114.3	3117.9	3117.9	3119.5	3119.7	3112.5
7-EE-A 350	1443.5	1445.6	1445.6	1448.5	1444.7	1446.8	1452.2	1450.5	1457.5	1457.5	1443.5

FT-SE Actuaries 350 Industry Basket										Private size
Asset	Jan	Mar	May	Jul	Sep	Nov	Jan	Mar	May	Change
Equities	16152	16182	16167	16183	16171	16171	16171	16183	16173	+3.7
Bonds	11281	11310	11290	11289	11265	11276	11311	11303	11448	+114.7
Money	14023	14511	14569	14571	14529	14533	14617	14619	14624	+14.5
Commodities	18580	18629	18687	18674	18634	18648	18721	18709	18681	+0.28

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INVESTMENT TRUSTS - Cont.**INVESTMENT TRUSTS - Cont.**

STATEMENT

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Company	Price	Change	Yield	Assets	Liabilities	Net Assets	Units	Notes
AXA Equity & Low Life Assurance	100.00	+0.50	5.2%	£1.2bn	£0.8bn	£0.4bn	100m	
AXA Equity & Low Life Assurance	105.00	+0.50	5.5%	£1.5bn	£1.0bn	£0.5bn	105m	
AXA Equity & Low Life Assurance	110.00	+0.50	5.8%	£1.8bn	£1.2bn	£0.6bn	110m	
AXA Equity & Low Life Assurance	95.00	+0.50	4.8%	£1.0bn	£0.7bn	£0.3bn	95m	
AXA Equity & Low Life Assurance	102.00	+0.50	5.0%	£1.1bn	£0.9bn	£0.2bn	102m	
AXA Equity & Low Life Assurance	115.00	+0.50	6.0%	£2.0bn	£1.3bn	£0.7bn	115m	
AXA Equity & Low Life Assurance	120.00	+0.50	6.2%	£2.2bn	£1.5bn	£0.7bn	120m	
AXA Equity & Low Life Assurance	125.00	+0.50	6.5%	£2.5bn	£1.8bn	£0.7bn	125m	
AXA Equity & Low Life Assurance	130.00	+0.50	6.8%	£2.8bn	£2.0bn	£0.8bn	130m	
AXA Equity & Low Life Assurance	135.00	+0.50	7.0%	£3.0bn	£2.2bn	£0.8bn	135m	
AXA Equity & Low Life Assurance	140.00	+0.50	7.2%	£3.2bn	£2.4bn	£0.8bn	140m	
AXA Equity & Low Life Assurance	145.00	+0.50	7.5%	£3.5bn	£2.7bn	£0.8bn	145m	
AXA Equity & Low Life Assurance	150.00	+0.50	7.8%	£3.8bn	£3.0bn	£0.8bn	150m	
AXA Equity & Low Life Assurance	155.00	+0.50	8.0%	£4.0bn	£3.2bn	£0.8bn	155m	
AXA Equity & Low Life Assurance	160.00	+0.50	8.2%	£4.2bn	£3.4bn	£0.8bn	160m	
AXA Equity & Low Life Assurance	165.00	+0.50	8.5%	£4.5bn	£3.7bn	£0.8bn	165m	
AXA Equity & Low Life Assurance	170.00	+0.50	8.8%	£4.8bn	£4.0bn	£0.8bn	170m	
AXA Equity & Low Life Assurance	175.00	+0.50	9.0%	£5.0bn	£4.2bn	£0.8bn	175m	
AXA Equity & Low Life Assurance	180.00	+0.50	9.2%	£5.2bn	£4.4bn	£0.8bn	180m	
AXA Equity & Low Life Assurance	185.00	+0.50	9.5%	£5.5bn	£4.7bn	£0.8bn	185m	
AXA Equity & Low Life Assurance	190.00	+0.50	9.8%	£5.8bn	£5.0bn	£0.8bn	190m	
AXA Equity & Low Life Assurance	195.00	+0.50	10.0%	£6.0bn	£5.2bn	£0.8bn	195m	
AXA Equity & Low Life Assurance	200.00	+0.50	10.2%	£6.2bn	£5.4bn	£0.8bn	200m	
AXA Equity & Low Life Assurance	205.00	+0.50	10.5%	£6.5bn	£5.7bn	£0.8bn	205m	
AXA Equity & Low Life Assurance	210.00	+0.50	10.8%	£6.8bn	£6.0bn	£0.8bn	210m	
AXA Equity & Low Life Assurance	215.00	+0.50	11.0%	£7.0bn	£6.2bn	£0.8bn	215m	
AXA Equity & Low Life Assurance	220.00	+0.50	11.2%	£7.2bn	£6.4bn	£0.8bn	220m	
AXA Equity & Low Life Assurance	225.00	+0.50	11.5%	£7.5bn	£6.7bn	£0.8bn	225m	
AXA Equity & Low Life Assurance	230.00	+0.50	11.8%	£7.8bn	£7.0bn	£0.8bn	230m	
AXA Equity & Low Life Assurance	235.00	+0.50	12.0%	£8.0bn	£7.2bn	£0.8bn	235m	
AXA Equity & Low Life Assurance	240.00	+0.50	12.2%	£8.2bn	£7.4bn	£0.8bn	240m	
AXA Equity & Low Life Assurance	245.00	+0.50	12.5%	£8.5bn	£7.7bn	£0.8bn	245m	
AXA Equity & Low Life Assurance	250.00	+0.50	12.8%	£8.8bn	£8.0bn	£0.8bn	250m	
AXA Equity & Low Life Assurance	255.00	+0.50	13.0%	£9.0bn	£8.2bn	£0.8bn	255m	
AXA Equity & Low Life Assurance	260.00	+0.50	13.2%	£9.2bn	£8.4bn	£0.8bn	260m	
AXA Equity & Low Life Assurance	265.00	+0.50	13.5%	£9.5bn	£8.7bn	£0.8bn	265m	
AXA Equity & Low Life Assurance	270.00	+0.50	13.8%	£9.8bn	£9.0bn	£0.8bn	270m	
AXA Equity & Low Life Assurance	275.00	+0.50	14.0%	£10.0bn	£9.2bn	£0.8bn	275m	
AXA Equity & Low Life Assurance	280.00	+0.50	14.2%	£10.2bn	£9.4bn	£0.8bn	280m	
AXA Equity & Low Life Assurance	285.00	+0.50	14.5%	£10.5bn	£9.7bn	£0.8bn	285m	
AXA Equity & Low Life Assurance	290.00	+0.50	14.8%	£10.8bn	£10.0bn	£0.8bn	290m	
AXA Equity & Low Life Assurance	295.00	+0.50	15.0%	£11.0bn	£10.2bn	£0.8bn	295m	
AXA Equity & Low Life Assurance	300.00	+0.50	15.2%	£11.2bn	£10.4bn	£0.8bn	300m	
AXA Equity & Low Life Assurance	305.00	+0.50	15.5%	£11.5bn	£10.7bn	£0.8bn	305m	
AXA Equity & Low Life Assurance	310.00	+0.50	15.8%	£11.8bn	£11.0bn	£0.8bn	310m	
AXA Equity & Low Life Assurance	315.00	+0.50	16.0%	£12.0bn	£11.2bn	£0.8bn	315m	
AXA Equity & Low Life Assurance	320.00	+0.50	16.2%	£12.2bn	£11.4bn	£0.8bn	320m	
AXA Equity & Low Life Assurance	325.00	+0.50	16.5%	£12.5bn	£11.7bn	£0.8bn	325m	
AXA Equity & Low Life Assurance	330.00	+0.50	16.8%	£12.8bn	£12.0bn	£0.8bn	330m	
AXA Equity & Low Life Assurance	335.00	+0.50	17.0%	£13.0bn	£12.2bn	£0.8bn	335m	
AXA Equity & Low Life Assurance	340.00	+0.50	17.2%	£13.2bn	£12.4bn	£0.8bn	340m	
AXA Equity & Low Life Assurance	345.00	+0.50	17.5%	£13.5bn	£12.7bn	£0.8bn	345m	
AXA Equity & Low Life Assurance	350.00	+0.50	17.8%	£13.8bn	£13.0bn	£0.8bn	350m	
AXA Equity & Low Life Assurance	355.00	+0.50	18.0%	£14.0bn	£13.2bn	£0.8bn	355m	
AXA Equity & Low Life Assurance	360.00	+0.50	18.2%	£14.2bn	£13.4bn	£0.8bn	360m	
AXA Equity & Low Life Assurance	365.00	+0.50	18.5%	£14.5bn	£13.7bn	£0.8bn	365m	
AXA Equity & Low Life Assurance	370.00	+0.50	18.8%	£14.8bn	£14.0bn	£0.8bn	370m	
AXA Equity & Low Life Assurance	375.00	+0.50	19.0%	£15.0bn	£14.2bn	£0.8bn	375m	
AXA Equity & Low Life Assurance	380.00	+0.50	19.2%	£15.2bn	£14.4bn	£0.8bn	380m	
AXA Equity & Low Life Assurance	385.00	+0.50	19.5%	£15.5bn	£14.7bn	£0.8bn	385m	
AXA Equity & Low Life Assurance	390.00	+0.50	19.8%	£15.8bn	£15.0bn	£0.8bn	390m	
AXA Equity & Low Life Assurance	395.00	+0.50	20.0%	£16.0bn	£15.2bn	£0.8bn	395m	
AXA Equity & Low Life Assurance	400.00	+0.50	20.2%	£16.2bn	£15.4bn	£0.8bn	400m	
AXA Equity & Low Life Assurance	405.00	+0.50	20.5%	£16.5bn	£15.7bn	£0.8bn	405m	
AXA Equity & Low Life Assurance	410.00	+0.50	20.8%	£16.8bn	£16.0bn	£0.8bn	410m	
AXA Equity & Low Life Assurance	415.00	+0.50	21.0%	£17.0bn	£16.2bn	£0.8bn	415m	
AXA Equity & Low Life Assurance	420.00	+0.50	21.2%	£17.2bn	£16.4bn	£0.8bn	420m	
AXA Equity & Low Life Assurance	425.00	+0.50	21.5%	£17.5bn	£16.7bn	£0.8bn	425m	
AXA Equity & Low Life Assurance	430.00	+0.50	21.8%	£17.8bn	£17.0bn	£0.8bn	430m	
AXA Equity & Low Life Assurance	435.00	+0.50	22.0%	£18.0bn	£17.2bn	£0.8bn	435m	
AXA Equity & Low Life Assurance	440.00	+0.50	22.2%	£18.2bn	£17.4bn	£0.8bn	440m	
AXA Equity & Low Life Assurance	445.00	+0.50	22.5%	£18.5bn	£17.7bn	£0.8bn	445m	
AXA Equity & Low Life Assurance	450.00	+0.50	22.8%	£18.8bn	£18.0bn	£0.8bn	450m	
AXA Equity & Low Life Assurance	455.00	+0.50	23.0%	£19.0bn	£18.2bn	£0.8bn	455m	
AXA Equity & Low Life Assurance	460.00	+0.50	23.2%	£19.2bn	£18.4bn	£0.8bn	460m	
AXA Equity & Low Life Assurance	465.00	+0.50	23.5%	£19.5bn	£18.7bn	£0.8bn	465m	
AXA Equity & Low Life Assurance	470.00	+0.50	23.8%	£19.8bn	£19.0bn	£0.8bn	470m	
AXA Equity & Low Life Assurance	475.00	+0.50	24.0%	£20.0bn	£19.2bn	£0.8bn	475m	
AXA Equity & Low Life Assurance	480.00	+0.50	24.2%	£20.2bn	£19.4bn	£0.8bn	480m	
AXA Equity & Low Life Assurance	485.00	+0.50	24.5%	£20.5bn	£19.7bn	£0.8bn	485m	
AXA Equity & Low Life Assurance	490.00	+0.50	24.8%	£20.8bn	£20.0bn	£0.8bn	490m	
AXA Equity & Low Life Assurance	495.00	+0.50	25.0%	£21.0bn	£20.2bn	£0.8bn	495m	
AXA Equity & Low Life Assurance	500.00	+0.50	25.2%	£21.2bn	£20.4bn	£0.8bn	500m	
AXA Equity & Low Life Assurance	505.00	+0.50	25.5%	£21.5bn	£20.7bn	£0.8bn	505m	
AXA Equity & Low Life Assurance	510.00	+0.50	25.8%	£21.8bn	£21.0bn	£0.8bn	510m	
AXA Equity & Low Life Assurance	515.00	+0.50	26.0%	£22.0bn	£21.2bn	£0.8bn	515m	
AXA Equity & Low Life Assurance	520.00	+0.50	26.2%	£22.2bn	£21.4bn	£0.8bn	520m	

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

EMS currencies stronger

The D-Mark continued to come under pressure yesterday, weakened by expectations of further rate cuts, writes Emma Tucker.

The fall in the German currency followed the Bundesbank's decision to cut the interest rate on its 14-day repo on Friday. This enabled other European monetary system currencies to maintain stronger positions, with the franc, the peseta, the lira and the pound benefiting in particular.

Profit taking on the dollar was the other main feature of foreign exchange trading in Europe yesterday. After the euphoria that greeted Friday's excellent non-farm payroll figures, the dollar eased slightly as investors cashed down ahead of the week's economic data, expected to reflect more modest growth.

"The market is coming back to reality," said Mr Jeremy Hawkins, senior economic adviser at Bank of America in London. "Although there are genuine signs that the US economy is growing, there has been nothing else in terms of data so far to suggest that it is growing at the rate indicated by last week's payroll figures."

Although underlying sentiment towards the US currency

remains bullish, the dollar closed about half a penny weaker in London at DM1.8625.

Among EMS currencies the Spanish peseta advanced steadily against the D-Mark. Dealers said that widespread expectations of a cut in Germany's officially posted rates on March 15 was helping to calm fears that the Bank of Spain would be forced to prop up the peseta at current levels. The peseta closed at Ptas71.08 compared with Friday's close of Ptas71.37.

The pound was slightly weaker than on Friday, but managed to stay above the DM2.40 level for most of the day. Mr Hawkins commented that encouraging credit business figures helped the pound maintain its level.

"A lot of the talk about the UK recovery has been anecdotal. At the moment the rise in credit is one of the few hard pieces of data suggesting that the upturn in demand is sustainable," he said.

According to analysts, reservations about sterling still abound, but they are mainly political. There were some nervousness yesterday about a possible government defeat over Maastricht. However, sentiment is generally more favourable. Analysts at Bank of America are forecasting a rise in sterling to DM2.60 towards the end of the year.

The yen was expected to weaken yesterday after the latest Bank of Japan Tankan survey showed corporate confidence to be very gloomy. But dealers reported a big move back into the yen in the afternoon. One commented that although the domestic fundamentals behind the yen looked poor, the market was focusing on Japan's strong trade surplus. The yen closed in London at Y116.5 against the dollar, compared with Friday's close of Y117.8.

EMS EUROPEAN CURRENCY UNIT RATES

Currency	Unit	Rate	% Change	% Spread	Divergence
Spanish Peseta	100 Ptas	138.25	-0.42	3.46	47
Irish Punt	100 Punt	0.7865	-0.01	1.76	22
Portuguese Escudo	200 Esc	200.48	-0.01	1.25	23
Belgian Franc	100 Franc	2.3636	-0.01	1.04	18
Italian Lira	1,000 Lira	1,936.27	-0.01	0.88	16
French Franc	100 Franc	6.5596	-0.01	0.88	16

Unit rates are set by the European Commission. Currencies are in descending order of value. Percentage changes are for the day. A positive change denotes a rise in the unit's value. The percentage spread is the difference between the unit's value and the unit's value in the unit's own currency. The divergence is the difference between the unit's value and the unit's value in the unit's own currency.

UK/92/93 Sterling and Italian Lira quotations from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Day's Spot	One Month	Three Months	Six Months	One Year
US	1.8400	1.8400	1.8400	1.8400
Japan	117.10	117.10	117.10	117.10
Germany	2.4800	2.4800	2.4800	2.4800
France	6.5600	6.5600	6.5600	6.5600
Italy	1.9360	1.9360	1.9360	1.9360
Spain	138.25	138.25	138.25	138.25
Belgium	2.3636	2.3636	2.3636	2.3636
Netherlands	2.2037	2.2037	2.2037	2.2037
Sweden	1.4756	1.4756	1.4756	1.4756
Denmark	1.4658	1.4658	1.4658	1.4658
Greece	340.75	340.75	340.75	340.75
Portugal	200.48	200.48	200.48	200.48
Finland	5.9457	5.9457	5.9457	5.9457
Ireland	0.7865	0.7865	0.7865	0.7865
Austria	13.7603	13.7603	13.7603	13.7603
Switzerland	1.4548	1.4548	1.4548	1.4548
Yugoslavia	136.50	136.50	136.50	136.50
Czech Republic	166.07	166.07	166.07	166.07
Slovakia	136.50	136.50	136.50	136.50
Hungary	166.07	166.07	166.07	166.07
Poland	136.50	136.50	136.50	136.50
Romania	166.07	166.07	166.07	166.07
Bulgaria	136.50	136.50	136.50	136.50
Slovenia	166.07	166.07	166.07	166.07
Croatia	136.50	136.50	136.50	136.50
Serbia	166.07	166.07	166.07	166.07
Montenegro	136.50	136.50	136.50	136.50
Albania	166.07	166.07	166.07	166.07
Moldova	136.50	136.50	136.50	136.50
Ukraine	166.07	166.07	166.07	166.07
Belarus	136.50	136.50	136.50	136.50
Lithuania	166.07	166.07	166.07	166.07
Russia	136.50	136.50	136.50	136.50
Georgia	166.07	166.07	166.07	166.07
Armenia	136.50	136.50	136.50	136.50
Azerbaijan	166.07	166.07	166.07	166.07
Kazakhstan	136.50	136.50	136.50	136.50
Uzbekistan	166.07	166.07	166.07	166.07
Tajikistan	136.50	136.50	136.50	136.50
Kyrgyzstan	166.07	166.07	166.07	166.07
Trinidad and Tobago	136.50	136.50	136.50	136.50
Suriname	166.07	166.07	166.07	166.07
Paraguay	136.50	136.50	136.50	136.50
Uruguay	166.07	166.07	166.07	166.07
Venezuela	136.50	136.50	136.50	136.50
Colombia	166.07	166.07	166.07	166.07
Ecuador	136.50	136.50	136.50	136.50
Peru	166.07	166.07	166.07	166.07
Bolivia	136.50	136.50	136.50	136.50
Chile	166.07	166.07	166.07	166.07
Argentina	136.50	136.50	136.50	136.50
Uruguay	166.07	166.07	166.07	166.07
Venezuela	136.50	136.50	136.50	136.50
Colombia	166.07	166.07	166.07	166.07
Ecuador	136.50	136.50	136.50	136.50
Peru	166.07	166.07	166.07	166.07
Bolivia	136.50	136.50	136.50	136.50
Chile	166.07	166.07	166.07	166.07
Argentina	136.50	136.50	136.50	136.50

Commercial rates taken from the end of London trading. Six-month forward rate for 1.75-1.76, 12-month 2.75-2.80.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Day's Spot	One Month	Three Months	Six Months	One Year
US	1.0000	1.0000	1.0000	1.0000
Japan	117.10	117.10	117.10	117.10
Germany	2.4800	2.4800	2.4800	2.4800
France	6.5600	6.5600	6.5600	6.5600
Italy	1.9360	1.9360	1.9360	1.9360
Spain	138.25	138.25	138.25	138.25
Belgium	2.3636	2.3636	2.3636	2.3636
Netherlands	2.2037	2.2037	2.2037	2.2037
Sweden	1.4756	1.4756	1.4756	1.4756
Denmark	1.4658	1.4658	1.4658	1.4658
Greece	340.75	340.75	340.75	340.75
Portugal	200.48	200.48	200.48	200.48
Finland	5.9457	5.9457	5.9457	5.9457
Ireland	0.7865	0.7865	0.7865	0.7865
Austria	13.7603	13.7603	13.7603	13.7603
Switzerland	1.4548	1.4548	1.4548	1.4548
Yugoslavia	136.50	136.50	136.50	136.50
Czech Republic	166.07	166.07	166.07	166.07
Slovakia	136.50	136.50	136.50	136.50
Hungary	166.07	166.07	166.07	166.07
Poland	136.50	136.50	136.50	136.50
Romania	166.07	166.07	166.07	166.07
Bulgaria	136.50	136.50	136.50	136.50
Slovenia	166.07	166.07	166.07	166.07
Croatia	136.50	136.50	136.50	136.50
Serbia	166.07	166.07	166.07	166.07
Montenegro	136.50	136.50	136.50	136.50
Albania	166.07	166.07	166.07	166.07
Moldova	136.50	136.50	136.50	136.50
Ukraine	166.07	166.07	166.07	166.07
Belarus	136.50	136.50	136.50	136.50
Lithuania	166.07	166.07	166.07	166.07
Russia	136.50	136.50	136.50	136.50
Georgia	166.07	166.07	166.07	166.07
Armenia	136.50	136.50	136.50	136.50
Azerbaijan	166.07	166.07	166.07	166.07
Kazakhstan	136.50	136.50	136.50	136.50
Uzbekistan	166.07	166.07	166.07	166.07
Tajikistan	136.50	136.50	136.50	136.50
Kyrgyzstan	166.07	166.07	166.07	166.07
Trinidad and Tobago	136.50	136.50	136.50	136.50
Suriname	166.07	166.07	166.07	166.07
Paraguay	136.50	136.50	136.50	136.50
Uruguay	166.07	166.07	166.07	166.07
Venezuela	136.50	136.50	136.50	136.50
Colombia	166.07	166.07	166.07	166.07
Ecuador	136.50	136.50	136.50	136.50
Peru	166.07	166.07	166.07	166.07
Bolivia	136.50	136.50	136.50	136.50
Chile	166.07	166.07	166.07	166.07
Argentina	136.50	136.50	136.50	136.50

Commercial rates taken from the end of London trading. Six-month forward rate for 1.75-1.76, 12-month 2.75-2.80.

EURO CURRENCY INTEREST RATES

Day's Spot	One Month	Three Months	Six Months	One Year
US	1.0000	1.0000	1.0000	1.0000
Japan	117.10	117.10	117.10	117.10
Germany	2.4800	2.4800	2.4800	2.4800
France	6.5600	6.5600	6.5600	6.5600
Italy	1.9360	1.9360	1.9360	1.9360
Spain	138.25	138.25	138.25	138.25
Belgium	2.3636	2.3636	2.3636	2.3636
Netherlands	2.2037	2.2037	2.2037	2.2037
Sweden	1.4756	1.4756	1.4756	1.4756
Denmark	1.4658	1.4658	1.4658	1.4658
Greece	340.75	340.75	340.75	340.75
Portugal	200.48	200.48	200.48	200.48
Finland	5.9457	5.9457	5.9457	5.9457
Ireland	0.7865	0.7865	0.7865	0.7865
Austria	13.7603	13.7603	13.7603	13.7603
Switzerland	1.4548	1.4548	1.4548	1.4548
Yugoslavia	136.50	136.50	136.50	136.50
Czech Republic	166.07	166.07	166.07	166.07
Slovakia	136.50	136.50	136.50	136.50
Hungary	166.07	166.07	166.07	166.07
Poland	136.50	136.50	136.50	136.50
Romania	166.07	166.07	166.07	166.07
Bulgaria	136.50	136.50	136.50	136.50
Slovenia	166.07	166.07	166.07	166.07
Croatia	136.50	136.50	136.50	136.50
Serbia	166.07	166.07	166.07	166.07
Montenegro	136.50	136.50	136.50	136.50
Albania	166.07	166.07	166.07	166.07
Moldova	136.50	136.50	136.50	136.50
Ukraine	166.07	166.07	166.07	166.07
Belarus	136.50	136.50	136.50	136.50
Lithuania	166.07	166.07	166.07	166.07
Russia	136.50	136.50	136.50	136.50
Georgia	166.07	166.07	166.07	166.07
Armenia	136.50	136.50	136.50	136.50
Azerbaijan	166.07	166.07	166.07	166.07
Kazakhstan	136.50	136.50	136.50	136.50
Uzbekistan	166.07	166.07	166.07	166.07
Tajikistan	136.50	136.50	136.50	136.50
Kyrgyzstan	166.07	166.07	166.07	166.07
Trinidad and Tobago	136.50	136.50	136.50	136.50
Suriname	166.07	166.07	166.07	166.07
Paraguay	136.50	136.50	136.50	136.50
Uruguay	166.07	166.07	166.07	166.07
Venezuela	136.50	136.50	136.50	136.50
Colombia	166.07	166.07	166.07	166.07
Ecuador	136.50	136.50	136.50	136.50
Peru	166.07	166.07	166.07	166.07
Bolivia	136.50	136.50	136.50	136.50
Chile	166.07	166.07	166.07	166.07
Argentina	136.50	136.50	136.50	136.50

Commercial rates taken from the end of London trading. Six-month forward rate for 1.75-1.76, 12-month 2.75-2.80.

EXCHANGE CROSS RATES

EXCHANGE CROSS RATES												
Year's	£	\$	DM	Yen	Fr.	S.F.	N.F.L.	Li	S\$	6 Fr.	Pta.	Esc.
U.S.	1.0000	1.0000	166.5	8.143	2.225	2.200	2280	10.930	49.50	170.8		
Japan	0.6992	1.462	116.5	1.000	1.537	1.587	1.247	94.23	34.23	117.1		
Germany	0.7363	1.358	108.3	0.8571	1.486	1.551	1.257	97.83	35.78	125.6		
France	0.8626	1.146	100.0	0.733	1.461	1.524	1.233	100.0	37.0	128.6		
Italy	0.9360	1.068	92.48	0.655	1.450	1.511	1.223	107.0	39.8	134.9		
Spain	0.1666	6.000	20.48	0.0486	1.361	1.422	1.193	113.6	42.46	143.3		
Belgium	0.4800	2.083	65.46	0.3471	1.415	1.476	1.203	110.0	40.33	139.5		
Netherlands	0.4756	2.103	66.63	0.3511	1.402	1.463	1.197	109.0	40.74	140.3		
Sweden	0.6558	1.525	103.7	0.9375	1.390	1.451	1.186	107.0	39.8	139.5		
Denmark	0.6558	1.525	103.7	0.9375	1.390	1.451	1.186	107.0	39.8	139.5		
Greece	0.2000	5.000	20.00	0.0248	1.333	1.394	1.164	113.6	42.46	143.3		
Portugal	0.2000	5.000	20.00	0.0248	1.333	1.394	1.164	113.6	42.46	143.3		
Finland	0.2000	5.000	20.00	0.0248	1.333	1.394	1.164	113.6	42.46	143.3		

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

A					
AAI Corp.	1.80	1.80	1.80	1.80	1.80
AAI Inc.	1.80	1.80	1.80	1.80	1.80
AAI Tech.	1.80	1.80	1.80	1.80	1.80
AAI Systems	1.80	1.80	1.80	1.80	1.80
AAI Data	1.80	1.80	1.80	1.80	1.80
AAI Comm.	1.80	1.80	1.80	1.80	1.80
AAI Net.	1.80	1.80	1.80	1.80	1.80
AAI Serv.	1.80	1.80	1.80	1.80	1.80
AAI Mfg.	1.80	1.80	1.80	1.80	1.80
AAI Equip.	1.80	1.80	1.80	1.80	1.80
AAI Supp.	1.80	1.80	1.80	1.80	1.80
AAI Maint.	1.80	1.80	1.80	1.80	1.80
AAI Rep.	1.80	1.80	1.80	1.80	1.80
AAI Trng.	1.80	1.80	1.80	1.80	1.80
AAI Eval.	1.80	1.80	1.80	1.80	1.80
AAI Integ.	1.80	1.80	1.80	1.80	1.80
AAI Optm.	1.80	1.80	1.80	1.80	1.80
AAI Secur.	1.80	1.80	1.80	1.80	1.80
AAI Arch.	1.80	1.80	1.80	1.80	1.80
AAI Recov.	1.80	1.80	1.80	1.80	1.80
AAI Busin.	1.80	1.80	1.80	1.80	1.80
AAI Oper.	1.80	1.80	1.80	1.80	1.80
AAI Fin.	1.80	1.80	1.80	1.80	1.80
AAI HR.	1.80	1.80	1.80	1.80	1.80
AAI Legal.	1.80	1.80	1.80	1.80	1.80
AAI Tax.	1.80	1.80	1.80	1.80	1.80
AAI Audit.	1.80	1.80	1.80	1.80	1.80
AAI Cons.	1.80	1.80	1.80	1.80	1.80
AAI Plan.	1.80	1.80	1.80	1.80	1.80
AAI Impl.	1.80	1.80	1.80	1.80	1.80
AAI Mon.	1.80	1.80	1.80	1.80	1.80
AAI Rev.	1.80	1.80	1.80	1.80	1.80
AAI Impr.	1.80	1.80	1.80	1.80	1.80
AAI Innov.	1.80	1.80	1.80	1.80	1.80
AAI Sustain.	1.80	1.80	1.80	1.80	1.80
AAI Transf.	1.80	1.80	1.80	1.80	1.80
AAI Discont.	1.80	1.80	1.80	1.80	1.80
AAI Liquidat.	1.80	1.80	1.80	1.80	1.80
AAI Bankruptcy.	1.80	1.80	1.80	1.80	1.80
AAI Restruct.	1.80	1.80	1.80	1.80	1.80
AAI Acquis.	1.80	1.80	1.80	1.80	1.80
AAI Merger.	1.80	1.80	1.80	1.80	1.80
AAI Divest.	1.80	1.80	1.80	1.80	1.80
AAI Spinoff.	1.80	1.80	1.80	1.80	1.80
AAI Recap.	1.80	1.80	1.80	1.80	1.80
AAI Leas.	1.80	1.80	1.80	1.80	1.80
AAI Sell-off.	1.80	1.80	1.80	1.80	1.80
AAI Buyback.	1.80	1.80	1.80	1.80	1.80
AAI Tender Offer.	1.80	1.80	1.80	1.80	1.80
AAI Proxy Fight.	1.80	1.80	1.80	1.80	1.80
AAI Share Repurchase.	1.80	1.80	1.80	1.80	1.80
AAI Dividend Payout.	1.80	1.80	1.80	1.80	1.80
AAI Stock Split.	1.80	1.80	1.80	1.80	1.80
AAI Reverse Split.	1.80	1.80	1.80	1.80	1.80
AAI Recapitalization.	1.80	1.80	1.80	1.80	1.80
AAI Reorganization.	1.80	1.80	1.80	1.80	1.80
AAI Amalgamation.	1.80	1.80	1.80	1.80	1.80
AAI Consolidation.	1.80	1.80	1.80	1.80	1.80
AAI Absorption.	1.80	1.80	1.80	1.80	1.80
AAI Acquisition of Assets.	1.80	1.80	1.80	1.80	1.80
AAI Acquisition of Equity.	1.80	1.80	1.80	1.80	1.80
AAI Acquisition of Control.	1.80	1.80	1.80	1.80	1.80
AAI Acquisition of Interest.	1.80	1.80	1.80	1.80	1.80
AAI Acquisition of Voting Rights.	1.80	1.80	1.80	1.80	1.80
AAI Acquisition of Management.	1.80	1.80	1.80	1.80	1.80
AAI Acquisition of Technology.	1.80	1.80	1.80	1.80	1.80
AAI Acquisition of Intellectual Property.	1.80	1.80	1.80	1.80	1.80
AAI Acquisition of Human Capital.	1.80	1.80	1.80	1.80	1.80
B					
BBB Corp.	1.80	1.80	1.80	1.80	1.80
BBB Inc.	1.80	1.80	1.80	1.80	1.80
BBB Tech.	1.80	1.80	1.80	1.80	1.80
BBB Systems	1.80	1.80	1.80	1.80	1.80
BBB Data	1.80	1.80	1.80	1.80	1.80
BBB Comm.	1.80	1.80	1.80	1.80	1.80
BBB Net.	1.80	1.80	1.80	1.80	1.80
BBB Serv.	1.80	1.80	1.80	1.80	1.80
BBB Mfg.	1.80	1.80	1.80	1.80	1.80
BBB Equip.	1.80	1.80	1.80	1.80	1.80
BBB Supp.	1.80	1.80	1.80	1.80	1.80
BBB Maint.	1.80	1.80	1.80	1.80	1.80
BBB Rep.	1.80	1.80	1.80	1.80	1.80
BBB Trng.	1.80	1.80	1.80	1.80	1.80
BBB Eval.	1.80	1.80	1.80	1.80	1.80
BBB Integ.	1.80	1.80	1.80	1.80	1.80
BBB Optm.	1.80	1.80	1.80	1.80	1.80
BBB Secur.	1.80	1.80	1.80	1.80	1.80
BBB Arch.	1.80	1.80	1.80	1.80	1.80
BBB Recov.	1.80	1.80	1.80	1.80	1.80
BBB Busin.	1.80	1.80	1.80	1.80	1.80
BBB Oper.	1.80	1.80	1.80	1.80	1.80
BBB Fin.	1.80	1.80	1.80	1.80	1.80
BBB HR.	1.80	1.80	1.80	1.80	1.80
BBB Legal.	1.80	1.80	1.80	1.80	1.80
BBB Tax.	1.80	1.80	1.80	1.80	1.80
BBB Audit.	1.80	1.80	1.80	1.80	1.80
BBB Cons.	1.80	1.80	1.80	1.80	1.80
BBB Plan.	1.80	1.80	1.80	1.80	1.80
BBB Impl.	1.80	1.80	1.80	1.80	1.80
BBB Mon.	1.80	1.80	1.80	1.80	1.80
BBB Rev.	1.80	1.80	1.80	1.80	1.80
BBB Impr.	1.80	1.80	1.80	1.80	1.80
BBB Innov.	1.80	1.80	1.80	1.80	1.80
BBB Sustain.	1.80	1.80	1.80	1.80	1.80
BBB Transf.	1.80	1.80	1.80	1.80	1.80
BBB Discont.	1.80	1.80	1.80	1.80	1.80
BBB Liquidat.	1.80	1.80	1.80	1.80	1.80
BBB Bankruptcy.	1.80	1.80	1.80	1.80	1.80
BBB Restruct.	1.80	1.80	1.80	1.80	1.80
BBB Acquis.	1.80	1.80	1.80	1.80	1.80
BBB Merger.	1.80	1.80	1.80	1.80	1.80
BBB Divest.	1.80	1.80	1.80	1.80	1.80
BBB Spinoff.	1.80	1.80	1.80	1.80	1.80
BBB Recap.	1.80	1.80	1.80	1.80	1.80
BBB Leas.	1.80	1.80	1.80	1.80	1.80
BBB Sell-off.	1.80	1.80	1.80	1.80	1.80
BBB Buyback.	1.80	1.80	1.80	1.80	1.80
BBB Tender Offer.	1.80	1.80	1.80	1.80	1.80
BBB Proxy Fight.	1.80	1.80	1.80	1.80	1.80
BBB Share Repurchase.	1.80	1.80	1.80	1.80	1.80
BBB Dividend Payout.	1.80	1.80	1.80	1.80	1.80
BBB Stock Split.	1.80	1.80	1.80	1.80	1.80
BBB Reverse Split.	1.80	1.80	1.80	1.80	1.80
BBB Recapitalization.	1.80	1.80	1.80	1.80	1.80
BBB Reorganization.	1.80	1.80	1.80	1.80	1.80
BBB Amalgamation.	1.80	1.80	1.80	1.80	1.80
BBB Consolidation.	1.80	1.80	1.80	1.80	1.80
BBB Absorption.	1.80	1.80	1.80	1.80	1.80
BBB Acquisition of Assets.	1.80	1.80	1.80	1.80	1.80
BBB Acquisition of Equity.	1.80	1.80	1.80	1.80	1.80
BBB Acquisition of Control.	1.80	1.80	1.80	1.80	1.80
BBB Acquisition of Interest.	1.80	1.80	1.80	1.80	1.80
BBB Acquisition of Voting Rights.	1.80	1.80	1.80	1.80	1.80
BBB Acquisition of Management.	1.80	1.80	1.80	1.80	1.80
BBB Acquisition of Technology.	1.80	1.80	1.80	1.80	1.80
BBB Acquisition of Intellectual Property.	1.80	1.80	1.80	1.80	1.80
BBB Acquisition of Human Capital.	1.80	1.80	1.80	1.80	1.80
C					
CCC Corp.	1.80	1.80	1.80	1.80	1.80
CCC Inc.	1.80	1.80	1.80	1.80	1.80
CCC Tech.	1.80	1.80	1.80	1.80	1.80
CCC Systems	1.80	1.80	1.80	1.80	1.80
CCC Data	1.80	1.80	1.80	1.80	1.80
CCC Comm.	1.80	1.80	1.80	1.80	1.80
CCC Net.	1.80	1.80	1.80	1.80	1.80
CCC Serv.	1.80	1.80	1.80	1.80	1.80
CCC Mfg.	1.80	1.80	1.80	1.80	1.80
CCC Equip.	1.80	1.80	1.80	1.80	1.80
CCC Supp.	1.80	1.80	1.80	1.80	1.80
CCC Maint.	1.80	1.80	1.80	1.80	1.80
CCC Rep.	1.80	1.80	1.80	1.80	1.80
CCC Trng.	1.80	1.80	1.80	1.80	1.80
CCC Eval.	1.80	1.80	1.80	1.80	1.80
CCC Integ.	1.80	1.80	1.80	1.80	1.80
CCC Optm.	1.80	1.80	1.80	1.80	1.80
CCC Secur.	1.80	1.80	1.80	1.80	1.80
CCC Arch.	1.80	1.80	1.80	1.80	1.80
CCC Recov.	1.80	1.80	1.80	1.80	1.80
CCC Busin.	1.80	1.80	1.80	1.80	1.80
CCC Oper.	1.80	1.80	1.80	1.80	1.80
CCC Fin.	1.80	1.80	1.80	1.80	1.80
CCC HR.	1.80	1.80	1.80	1.80	1.80
CCC Legal.	1.80	1.80	1.80	1.80	1.80
CCC Tax.	1.80	1.80	1.80	1.80	1.80
CCC Audit.	1.80	1.80	1.80	1.80	1.80
CCC Cons.	1.80	1.80	1.80	1.80	1.80
CCC Plan.	1.80	1.80	1.80	1.80	1.80
CCC Impl.	1.80	1.80	1.80	1.80	1.80
CCC Mon.	1.80	1.80	1.80	1.80	1.80
CCC Rev.	1.80	1.80	1.80	1.80	1.80
CCC Impr.	1.80	1.80	1.80	1.80	1.80
CCC Innov.	1.80	1.80	1.80	1.80	1.80
CCC Sustain.	1.80	1.80	1.80	1.80	1.80
CCC Transf.	1.80	1.80	1.80	1.80	1.80
CCC Discont.	1.80	1.80	1.80	1.80	1.80
CCC Liquidat.	1.80	1.80	1.80	1.80	1.80
CCC Bankruptcy.	1.80	1.80	1.80	1.80	1.80
CCC Restruct.	1.80	1.80	1.80	1.80	1.80
CCC Acquis.	1.80	1.80	1.80	1.80	1.80
CCC Merger.	1.80	1.80	1.80	1.80	1.80
CCC Divest.	1.80	1.80	1.80	1.80	1.80
CCC Spinoff.	1.80	1.80	1.80	1.80	1.80
CCC Recap.	1.80	1.80	1.80	1.80	1.80
CCC Leas.	1.80	1.80	1.80	1.80	1.80
CCC Sell-off.	1.80	1.80	1.80	1.80	1.80
CCC Buyback.	1.80	1.80	1.80	1.80	1.80
CCC Tender Offer.	1.80	1.80	1.80	1.80	1.80
CCC Proxy Fight.	1.80	1.80	1.80	1.80	1.80
CCC Share Repurchase.	1.80	1.80	1.80	1.80	1.80
CCC Dividend Payout.	1.80	1.80	1.80	1.80	1.80
CCC Stock Split.	1.80	1.80	1.80	1.80	1.80
CCC Reverse Split.	1.80	1.80	1.80	1.80	1.80
CCC Recapitalization.	1.80	1.80	1.80	1.80	1.80
CCC Reorganization.	1.80	1.80	1.80	1.80	1.80
CCC Amalgamation.	1.80	1.80	1.80	1.80	1.80
CCC Consolidation.	1.80	1.80	1.80	1.80	1.80
CCC Absorption.	1.80	1.80	1.80	1.80	1.80
CCC Acquisition of Assets.	1.80	1.80	1.80	1.80	1.80
CCC Acquisition of Equity.	1.80	1.80	1.80	1.80	1.80
CCC Acquisition of Control.	1.80	1.80	1.80	1.80	1.80
CCC Acquisition of Interest.	1.80	1.80	1.80	1.80	1.80
CCC Acquisition of Voting Rights.	1.80	1.80	1.80	1.80	1.80
CCC Acquisition of Management.	1.80	1.80	1.80	1.80	1.80
CCC Acquisition of Technology.	1.80	1.80	1.80	1.80	1.80
CCC Acquisition of Intellectual Property.	1.80	1.80	1.80	1.80	1.80
CCC Acquisition of Human Capital.	1.80	1.80	1.80	1.80	1.80
D					
DDD Corp.	1.80	1.80	1.80	1.80	1.80
DDD Inc.	1.80	1.80	1.80	1.80	1.80
DDD Tech.	1.80	1.80	1.80	1.80	1.80
DDD Systems	1.80	1.80	1.80	1.80	1.80
DDD Data	1.80	1.80	1.80	1.80	1.80
DDD Comm.	1.80	1.80	1.80	1.80	1.80
DDD Net.	1.				

AMERICA

Dow gets lift from fast rise in bond prices

Wall Street

Fast-rising bond prices gave a big lift to US equity markets yesterday, with leading stock indices approaching record levels, writes Patrick Harverson in New York.

At 1 pm, the Dow Jones Industrial Average was 40.26 higher at 3,444.84 - the record close for the index is 3,442.14, achieved on February 5. The more broadly based Standard & Poor's 500 was up 5.66 at 451.77, while the Amex composite was 1.17 higher at 414.97, and the Nasdaq composite up 4.43 at 685.80. Trading volume on the NYSE was 155m shares by 1 pm.

Stock prices opened strongly, helped by news of big gains in foreign markets, especially London and Tokyo. Yet it was the performance of US bond prices that set equities alight.

Only one trading day after the government released a strong set of employment data which looked bad for bond market sentiment, long-dated Treasury yields were down to historic lows. The bond market was reacting to reports that President Clinton was planning more spending cuts than originally announced in his budget.

Equity investors responded well to the drop in bond yields, because lower interest rates help spur economic growth and corporate profitability. The gains in stocks were also

partly attributed to a more considered reaction from investors to Friday's employment news which, some analysts believe, could herald a significant turnaround in the domestic jobs market.

Among individual stocks, Philip Morris was the day's most heavily traded issue. The share price of the tobacco and foods group fell another 1/4 to \$63.4, nearing its 52-week low, in volume of more than 2m shares as investors continued to sell on fears that the government will impose a heavy tax on cigarettes.

Among busily traded drug stocks, Glaxo fell 1/4 to \$18.74 on reports that the Food and Drug Administration may take legal action against the UK company because of an alleged illegal advertising campaign. Others in the sector, however, were in demand yesterday, with Pfizer up 1/4 at \$50, Schering-Plough \$1 firmer at \$58.75, Johnson & Johnson up 1/4 at \$41.4, and Bristol Myers Squibb 3/4 higher at \$57.

Charles Schwab jumped \$2 to \$94.4 as investors responded to last week's news that customer business at the discount broker reached a record 40,000 trades a day in February.

On the Nasdaq market, leading technology stocks were actively sought. Microsoft firm \$14 to \$84, Apple added 1/4 at \$56.75 and Intel rose 3/4 to \$118.

Canada

TORONTO edged higher in thin midday trade and the TSX-300 index was 14.11 ahead at 3,538.60 in volume of 24.3m shares. Weak gold miners included Placer Dome which dipped 3/4 to C\$16.75. Lac Minerals eased 3/4 to C\$8.75.

Northern Telecom rose C\$1.4 to C\$57.4 in active trade on expectations of an announcement of a joint venture with Robert Bosch, the German industrial group.

EUROPE

Bourses produce limited response to US vitality

BOURSES, even the late closing ones, had little time to respond to the mid-morning access of vitality on Wall Street, writes Our Markets Staff.

PARIS saw the CAC 40 index rise 9.14 to 2,004.26, but dealers said business was flat and dull as market turnover fell from FF3.8bn to FF2.6bn. Volume in Suez, still the bourse's speculative lead, dropped considerably over the day.

However, a selection of speculative feelers were put out in the advertising and television business. Havas, the media and leisure group, rose FF17.90 to FF491.90 as gossip moved between the possibility of a share swap with CEP Communications (which rose FF19 to FF424), or a merger with Canal Plus, the television group. Canal Plus closed FF22 higher at FF1380.

FRANKFURT shrugged off light early losses to end with the DAX 12.00 ahead at 1,694.82. Banks were mostly higher on interest rate hopes following the Bundesbank's repo rate move last Friday, and chemicals were relatively weak

as the market waited for dividend cuts from the big three this week.

However, the main gains of the day covered a wide spectrum: Schering, in pharmaceuticals, up DM11.50 to DM770, Volkswagen DM6.40 better at DM288.40, Karstadt in retailers DM11 higher at DM794 and Linde, in engineering, DM10.50 higher at DM759.50.

Schering, which has risen DM36 over the past three days, has been seeing fund managers, said Mr Rod Hinkel at Hoare Govett, and its chickens may come home to roost when it sees analysts, and produces DVPA earnings in just under two weeks' time. Karstadt seems to have responded to some Kaulhof sales figures and VW, the subject of analytical argument, has just attracted a buy note from one broker.

BRUSSELS saw the Bel-20 index close 7.66 higher at 1,237.85 on hopes for lower European interest rates, a strong rise in the dollar and some speculative buying.

Société Générale de Belgique closed BF100, or 4.5 per cent higher at BF2,345. Rumours

FT-SE Actuaries Share Indices

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1161.52	1160.61	1161.72	1161.26	1163.51	1165.45	1165.31	1165.04
FT-SE Eurotrack 200	1224.94	1226.58	1226.63	1225.66	1226.76	1229.74	1227.68	1228.32

included a raid on its parent company, Suez, stories that Suez might want to sell its 61 per cent stake and talk of SGB selling parts of its industrial portfolio, notably a stake in its non-ferrous metals subsidiary unit, Union Minière. Arbed, in which SGB has a 26 per cent stake, closed BF120, or 4.2 per cent better at BF2,380.

AMSTERDAM was led ahead by a round of short-covering, particularly in cyclical, and the CBS Tendency index rose 0.8 to 102.6. Philips was busy, rising 50 cents to FL23.30, as domestic and foreign investors began to look at the rest of this year, and 1994. Among cyclical, DSM added FL3.40 to FL76.90 and Akzo put on FL3.30 to FL150.00.

The conglomerate, Bege-man, shed FL1.50 to FL37.50 after two subsidiaries took the market by surprise and sought protection from creditors. The retailer, Ahold, added FL1.20 guilders to FL94.90 after better-than-expected results from its 73 per cent owned subsidiary, Schuitens, the wholesaler.

MILAN remained unbothered by the quickening pace of political developments and the corruption scandal and it was, instead, technical considerations that left shares lower after their strong showing last week.

The Comit index fell 7.34 to 538.13, reflecting declines in blue chip issues ahead of the

expiry later in the week of March options. Fiat settled down L52 to L5,878 and Generali shed L550 to L36,900.

Shares of construction companies, however, went against the trend in response to government measures announced over the weekend to unblock contracts for public works, stalled for almost a year in corruption tangles.

The cement maker, Italcementi, gained L299 to settle at L11,117 while the holding company, Italmobiliare, firmed L900 to L41,500. Mr Salvatore Ligresti's Grassetto jumped L940 to settle at L6,900 while his Premafin Finanziaria development company settled L550 higher at L6,000, amid continuing speculation about an impending sale.

MADRID closed at a new high for the year, the general index rising 2.02 to 240.54 on the strong peseta, a jump in construction stocks and optimistic inflation forecasts.

The construction sector was boosted by government plans to increase spending on infrastructure. Ocesa leading with a Pta280, or 16 per cent rise to

Pta2,150. In contrast, the electrical utility, Iberdrola lost Pta16 to Pta734, in 5.25m shares, accounting for 18.3 per cent of the total Pta21.2bn turnover figure.

STOCKHOLM found support in demand for heavy engineering shares and the Affarsvariden index rose 7.08 to 1,039.0. The machine tool group, Sandvik, saw its B shares add SKr10 to SKr478 in response to Friday's preliminary 1992 earnings report and favourable 1993 forecasts.

Volvo continued to gain ahead of its full-year figures due on Thursday. Volvo's B shares were up SKr4 to SKr415 in continued heavy trading.

B shares in the medical equipment group, Gambro, rose SKr 2 to SKr338 after it reported a 27 per cent rise in 1992 pre-tax profits.

OSLO climbed to a 1993 high in active trade, boosted by the central bank's move, after the market closed on Friday, to cut its key overnight lending rate by 25 basis points to 9.0 per cent. The all-share index rose 8.4 to 420.4 in turnover of Nkr636m.

ASIA PACIFIC

NTT surge helps Nikkei rise 5% to three-month high

Tokyo

SHARE prices climbed 5.1 per cent to a three-month high as public funds stepped up support to prevent a market slide after the arrest of Mr Shin Kanemaru, former king-maker of the ruling Liberal Democratic Party, were announced last weekend, writes Emiko Terazono in Tokyo.

The Nikkei average ended 868.77 stronger at 17,698.47, the first time it has closed above 17,500 since December 25 last year. The index opened at the day's low of 16,856.62 and rose as high as 17,727.30.

Volume totalled 550m shares, the heaviest since last September. Advances overwhelmed declines by 1,035 to 60, with 55 issues unchanged. The Topix index of all first section stocks jumped 52.29 to 1,320.90 and, in London, the ISE/Nikkei 50

index closed 1.74 up at 1,055.35. Buying by public funds triggered a rally in the futures market, prompting arbitrage purchases and a rush of short-covering.

Traders said the approval of the fiscal 1993 budget in the House of Representatives last weekend, paving the way for the government to draw up an additional economic stimulus package, also improved sentiment. "We could be seeing a new trading range for the market," said Mr Yasuo Ueki at Nikko Securities.

Nippon Telegraph and Telephone gained ¥75,000, or 10.6 per cent, at ¥780,000. The issue had risen by 28.5 per cent over the previous eight trading days on speculation that the next fiscal stimulus package will focus on measures to upgrade the country's telecommunications infrastructure.

Officials at the Ministry of

Post and Telecommunications are also likely to approve a rate increase for city calls later this year. Traders noted heavy trading by speculative dealers yesterday, but said a sustained rise above the ¥800,000 level would be unlikely.

Companies expected to benefit from a boost in telecommunications-linked spending gained ground. NEC appreciated ¥50 to ¥711 and Fujitsu, a cable concern, ¥15 to ¥510.

Other export-oriented high-technology issues were higher on the stronger dollar against the yen. Pioneer added ¥70 to ¥2,150 and TDK ¥190 to ¥3,210. Aids-related stocks advanced on reports that Nippon Zeon and Ube Industries were co-developing an anti-Aids drug. Nippon Zeon rose ¥42 to ¥572 and Ube ¥42 to ¥360. Green Cross, a speculative favourite, climbed ¥40 to ¥1,250. In Osaka, the OSE average

put on 643.43 at 18,494.28 in volume of 132.5m shares. Nintendo, the video game maker, firmed ¥280 to ¥9,880.

Roundup

MANY OF the Pacific Rim markets displayed an easier trend.

HONG KONG took time to consolidate after last week's rise, but the market remained underpinned by hopes that China and Britain will soon reopen talks on the colony's future.

The Hang Seng index shed 20.65 to finish at 6,482.16 and turnover dipped from HK\$4.69bn to HK\$3.3bn.

Blue chips were mostly lower, with utilities losing the most. However, HSBC rose HK\$1 to HK\$69 on expectations of good annual results being reported next week. AUSTRALIA continued to be

unsettled by Labor's gains in the latest opinion polls and shares closed firmer but off their highs. The All Ordinaries index finished 3.5 up at 1,617.1, after peaking at 1,620.3.

Turnover was a light 111.2m shares worth A\$189m, with overnight trades of 3.4m News Corp shares and 2m Kolbuck shares contributing to the volume. News Corp added 7 cents at A\$7.23 and Kolbuck put on 4 cents at 27 cents.

SINGAPORE was dominated by speculative Malaysian shares traded over the counter and the Straits Times Industrial index closed 3.67 higher at 1,661.04.

The first day of options trading made a slow start, with most investors, unfamiliar with the new trading instrument, said to be reluctant to test it. TAIWAN saw some early institutional demand for indus-

trial stocks but the mood turned negative as heavy profit-taking began among financial issues. The weighted index finished 122.07, or 2.6 per cent, lower at 4,601.58 in active turnover of T\$74.7bn.

KUALA LUMPUR saw some speculative buying but blue chips remained under pressure. Falls in leading component stocks dragged the composite index down 0.41 to 637.83. SBOUL reversed nine consecutive days of declines and the composite index rebounded 19.89 to 625.62.

SOUTH AFRICA

JOHANNESBURG finished ahead, but off the day's high on nervousness about pending results and the March 17 budget. The overall index gained 6 at 3,391, with industrials 15 better at 4,421 and golds 5 firmer at 998.

European impetus for global equities

MARKETS IN PERSPECTIVE

	% change in local currency †			% change in US \$	% change in US \$ 1
	1 Week	4 Weeks	1 Year	Start of 1992	Start of 1993
Austria	+2.68	+6.21	+16.54	+9.45	+11.14
Belgium	+1.52	+1.06	+6.82	+8.37	+11.34
Denmark	+1.53	-0.75	+16.30	+10.45	+13.48
Finland	+6.51	+16.61	+21.93	+24.22	+12.72
France	+0.83	+4.95	+1.72	+8.73	+11.28
Germany	+0.38	+3.16	-6.63	+10.30	+12.20
Greece	+1.15	+5.58	+13.02	+13.02	+15.12
Italy	+4.45	+7.17	+10.58	+24.08	+21.53
Netherlands	+2.40	+4.84	+7.42	+9.86	+11.64
Norway	+2.08	+1.39	-9.85	+4.02	+6.91
Spain	+2.03	-0.56	-7.48	+12.63	+13.81
Sweden	+2.82	+10.06	+16.78	+9.12	+4.43
Switzerland	+1.70	+0.67	+14.83	+3.63	+2.86
UK	+1.93	+1.91	+16.19	+3.46	+3.46
EUROPE	+1.71	+3.60	+7.24	+7.26	+7.73
Australia	+0.44	+5.30	-1.12	+4.14	+12.24
Hong Kong	+2.23	+14.38	+26.97	+18.15	+23.85
Japan	-1.46	-3.30	-15.28	-3.12	+7.64
Malaysia	+0.63	+2.82	+17.22	+6.38	+11.23
New Zealand	+0.70	+2.26	+3.51	+3.11	+10.69
Singapore	+0.20	+1.06	+5.81	+4.71	+9.30
Canada	+1.86	+3.84	-4.11	+3.80	+10.84
MEXICO	+0.58	-0.70	+9.70	+2.27	+7.80
USA	+6.86	-4.07	+11.44	-8.10	-4.31
South Africa	-1.17	-2.25	-7.83	+4.08	+16.41
WORLD INDEX	-0.38	-1.11	+2.22	+2.32	+7.89

Australia +0.44 +5.30 -1.12 +4.14 +12.24 +7.19
Hong Kong +2.23 +14.38 +26.97 +18.15 +23.85 +18.29
Japan -1.48 -3.30 -15.28 -3.12 +7.64 +2.81
Malaysia +0.83 +2.82 +17.22 +8.38 +11.28 +6.28
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By William Cochrane

Europe provided most of the impetus for global equities last week. But a 1.7 per cent gain, leaving the FT-Actuaries World Index up 0.4 per cent in local currency terms, eventually owed little to the German interest rate prospects which seemed to obsess bourses earlier in the week.

Friday's big event - a repo rate cut by the Bundesbank, after it refused to alter the discount and Lombard rates on Thursday - had a negligible effect in France and Germany, serving mainly to cheer up the UK market ahead of Mr Norman Lamont's Budget statement a week today.

The big winners on the Continent were Finland and Italy. Both Helsinki and Milan have had a good start to the year; both have seen devaluations and, especially in the former, gains have come to more in local currency terms than when measured in the dollar.

Devaluation has had its positive effects, notes Mr Peter

Tron of Unibank in London. Finland's strength, especially last week, reflected results from cyclical industrial and forestry groups, with the devaluation effect translated into reduced losses for 1992, and the prospect of positive earnings for the current year.

Italy, meanwhile, has been accentuating the positive in somewhat similar fashion, but with more obvious influences on the downside. The country's growing corruption scandal, moving higher and higher up the political and corporate hierarchies, seems to have been effectively discounted as investors chose to concentrate on the cheaper firm and lower interest rate which devaluation brought in its wake.

Also performing well last week was Mexico, retrieving some of its losses of the week and, indeed, of the two months before. Commentators said that a market destabilised by President Bill Clinton's equivocal commitment to the North American Free Trade Agreement seemed to have decided that Mr Clinton was solidly behind NAFTA after all.

There is a limited amount of exhibition space available at the conference

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